Outsourcing and the Global War on Terrorism (GWOT): Contractors on the Battlefield

A Monograph

by

LCDR John C. Campbell

United States Navy

School of Advanced Military Studies

United States Army Command and General Staff College

Fort Leavenworth, Kansas

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Current Department of Defense (DOD) policy stresses the practicality of outsourcing non-direct warfare functions such as logistics, maintenance, transportation, and security. Inherently, this policy assumes that by outsourcing these functions the military's reliability, effectiveness, efficiency, and flexibility are improved. However, outsourcing has not historically produced all of these effects, and in times of war or crisis, many functions previously outsourced were either placed back under direct military control or transferred to uniformed personnel. Like previous military conflicts in our history, the Global War on Terrorism (GWOT) shows that many of these historical problems, such as overcharging and poor / unreliable services by contractors, are still relevant today. This monograph examines outsourcing policies in relation to GWOT. It also traces the U.S military's past utilization of battlefield contractors starting from the American Revolution to the present in order to develop trends and lessons learned. A historical model is developed which is then applied to the current utilization of contractors to help predict future issues. An assessment of DOD's outsourcing policy in GWOT is also made using the following evaluation criteria: reliability, effectiveness, efficiency, and flexibility. Lastly, the monograph makes several recommendations on how to improve DOD's outsourcing policies and doctrine.

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_____ William G. Robertson, Ph.D.	Monograph Director
_____ Kevin C.M. Benson, COL, AR	Director, School of Advanced Military Studies
_____ Robert F. Baumann, Ph.D.	Director, Graduate Degree Programs

Abstract

OUTSOURCING AND THE GLOBAL WAR ON TERRORISM (GWOT): CONTRACTORS ON THE BATTLEFIELD by LCDR John C. Campbell, U.S. Navy, 99 pages.

With the commencement of the Global War on Terrorism (GWOT), the U.S. military entered a new age of combat. Taking the battle directly to the terrorists and insurgents in their home countries, the military has suddenly found itself operating in a wide range of challenging operational environments. However, military forces are not the only ones involved in this fight. Accompanying the military in combat in far off places, such as Iraq, Afghanistan, and the Philippines, are civilian contractors. Over the last two decades, contractors on the battlefield have become an intrinsic part of today's military force structure.

Although military outsourcing has been used since at least the Middle Ages, many of the historical lessons learned have often been ignored by the military. As the U.S becomes embroiled deeper in GWOT, many of these past problems are starting to re-emerge. Current Department of Defense (DOD) policy stresses the practicality of outsourcing non-direct warfare functions such as logistics, maintenance, transportation, computer support, training, and other similar types of required capabilities. This trend in DOD outsourcing, which has become increasingly popular since the late 1990s, is similar to the trend in civilian businesses of outsourcing non-core functions and activities. Inherently, this policy assumes that by outsourcing these functions the military's reliability, effectiveness, efficiency, and flexibility are improved. However, outsourcing has not historically produced all of these effects, and in times of war or crisis, many functions previously outsourced were either placed back under direct military control or transferred to uniformed personnel. Like previous military conflicts in our history, GWOT shows that many of these historical problems, such as overcharging and poor / unreliable services by contractors, are still relevant today. Historical lessons learned and current enemy tactics dictate that a re-evaluation of the present outsourcing policies is necessary.

This monograph examines outsourcing policies in relation to GWOT. It also traces the U.S military's past utilization of contractors starting from the American Revolution to the present in order to develop trends and lessons learned. A historical model is developed which is then applied to the current utilization of contractors to help predict future issues. An assessment of DOD's outsourcing policy in GWOT is also made using the following evaluation criteria: reliability, effectiveness, efficiency, and flexibility. Lastly, the monograph makes several recommendations on how to improve DOD's outsourcing policies and doctrine.

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CHAPTER ONE – INTRODUCTION

"No group or nation should mistake America's intentions: We will not rest until terrorist groups of global reach have been found, have been stopped, and have been defeated."

"We must take the battle to the enemy, disrupt his plans and confront the worst threats before they emerge. In the world we have entered, the only path to safety is the path of action. And this nation will act."[1]

--President George W. Bush

With the commencement of the Global War on Terrorism (GWOT), the U.S. military entered a new age of combat. Taking the battle directly to the terrorists and insurgents in their home countries, the military has suddenly found itself operating in a wide range of challenging operational environments. However, military forces are not the only ones involved in this fight. Accompanying the military into combat in far off places, such as Iraq, Afghanistan, and the Philippines, are civilian contractors. Over the last two decades, contractors on the battlefield have become an intrinsic part of today's military force structure.

Although military outsourcing has been used since at least the Middle Ages, many of the historical lessons learned have often been ignored by the military. As the U.S becomes embroiled deeper in GWOT, many of these past problems are starting to re-emerge. Current Department of Defense (DOD) policy stresses the practicality of outsourcing non-direct warfare functions such as logistics, maintenance, transportation, computer support, training, and other similar types of required capabilities. This trend in DOD outsourcing, which has become increasingly popular since the late 1990s, is similar to the trend in civilian businesses of outsourcing non-core functions and activities. Inherently, this policy assumes that by outsourcing these functions the military's effectiveness, efficiency, flexibility, and reliability are improved. However, outsourcing has not historically produced all of these effects, and in times of war or crisis, many

[1] U.S. Government, *National Strategy for Combating Terrorism* (Washington D.C.: U.S Government Printing Office, February 2003). 1, 11. The first quote was said on 6 November 2001, and the second quote was said on 1 June 2002.

functions previously outsourced were either placed back under direct military control or transferred to uniformed personnel. Like previous military conflicts in our history, GWOT, Operation Iraqi Freedom (OIF), and Operation Enduring Freedom (OEF) show that many of these historical problems, such as overcharging and poor / unreliable services by contractors, are still relevant today.

U.S. forces are operating more often in areas lacking host nation contractor support, and in areas where an over reliance on foreign contractors and sub-contractors could impact mission success. The ability to protect, transport, and logistically support contractors in these hostile areas is also becoming increasingly more difficult, and in some cases impossible. To make matters worse, new problems specifically related to GWOT are now becoming apparent. Our enemies in Iraq have identified a weakness in the link between foreign contractors, who do not necessarily support U.S. policy, and the U.S. military. By attacking the contractors directly, such as taking them hostage and threatening to kill them, the insurgents have been able to negatively influence local and international contractor support for the U.S. military. When looking at the effectiveness, efficiency, flexibility, and reliability of contractors, the benefits of continuing the current DOD outsourcing policy may not outweigh the costs.

Research Question and Problem Statement

Many of the pre-GWOT policies concerning contractor utilization are now questionable. This research focuses on answering the following primary question. Are the current DOD military outsourcing policies still useful since the commencement of GWOT? This monograph proposes that the answer to this question is no, and that the current polices require immediate change. In order to support this supposition, this study examines historical and current trends involving contractors on the battlefield, and focuses on determining what recommended changes to DOD's outsourcing policy are necessary.

In addition to the primary question above, this study examines several secondary questions. If the current outsourcing policy requires change, what impact do these changes have on the military's current organizational structure? What changes to joint doctrine are necessary to implement these changes, and to ensure consistent contracting and effective management across the services in GWOT?

Methodology and Structure

The methodology of this monograph is to assess DOD's outsourcing policy in GWOT using evaluation criteria in relation to historical trends and the current operational environment. The evaluation criteria are: reliability, effectiveness, efficiency, and flexibility. Reliability is defined as consistent and dependable support to the military across all operational environments. Effectiveness means that the necessary experience, training, skills, manpower, and equipment have been provided to ensure mission success. Efficiency is getting the most benefit out of every dollar spent. Last, flexibility is the ability to respond at short notice with required personnel and equipment to support a variety of operations and force packages. The Revolutionary War, Mexican War, Civil War, Indian Wars, World War I / II, Korean War and Vietnam provide historical examples of lessons learned and trends. Additionally, OIF, OEF, and GWOT provide supporting information for each of the evaluation criteria. This analysis proposes changes to current policy and joint doctrine. Figure 1 on the next page depicts the methodology that will be used in this research.

There are four major sections in this monograph. Chapter One, the introduction, has already been discussed. Chapter Two defines and analyzes the current policies, and provides background information concerning military outsourcing and contractors on the battlefield. Chapter Three examines the historical trends, and explores military outsourcing since the American Revolution. Chapter Four studies the current operational environment of GWOT, and formally evaluates the contracting policies in terms of reliability, effectiveness, efficiency, and

flexibility. Finally, Chapter Five, the conclusion, summarizes the results of the monograph, and makes recommendations on improvements to the current outsourcing policy.

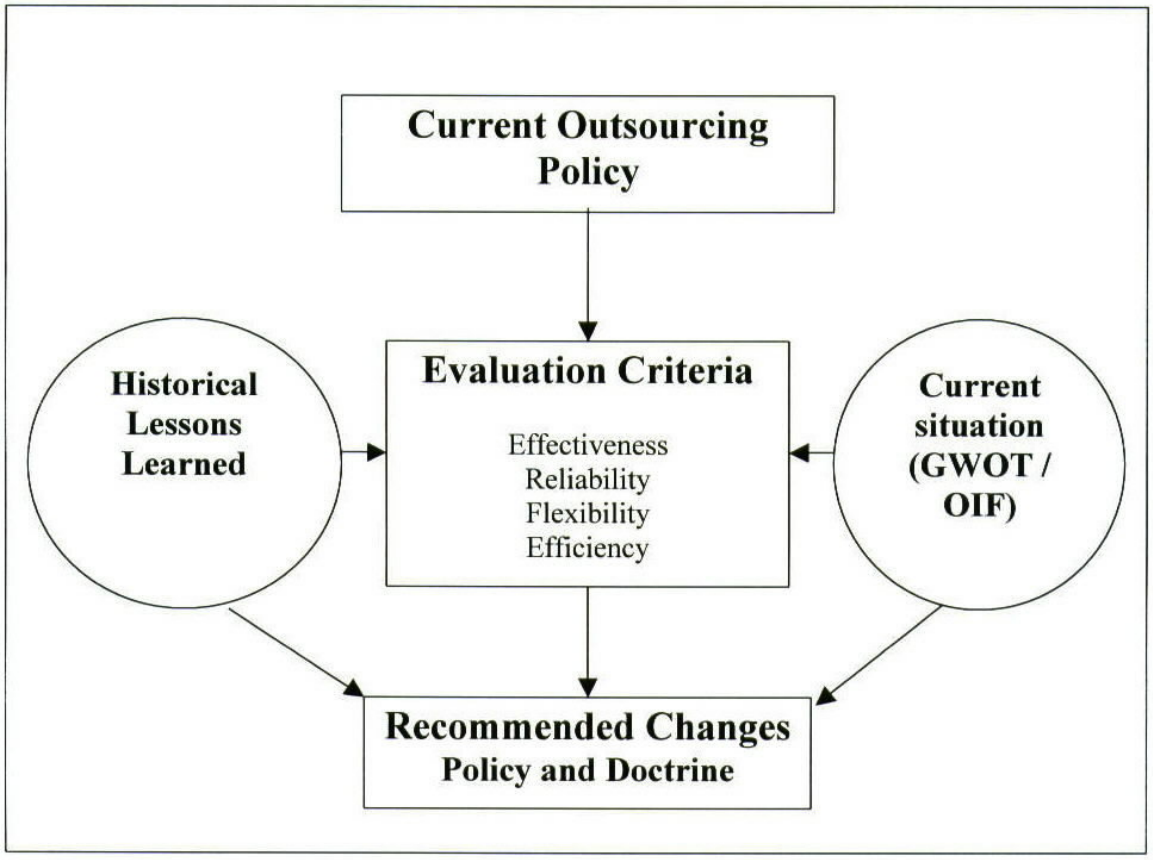

Figure 1: Methodology.

Literature Review

A review of the literature reveals that the debate over the effectiveness of military outsourcing has been going on for a considerable time. Much of the available research, which is relevant to this study, is from the early to late 1990s. This coincides with DOD's Base Realignment and Closure (BRAC) process, and the impetus to reduce military costs to handle declining budgets after the Cold War. Several private studies and military generated monographs are available denoting the possible risks and benefits to utilizing contractors on the battlefield.

However, little published information or analysis is available concerning contractors in the battlefield since the commencement of GWOT, OIF, and OEF.

Historical lessons learned and trends, on the other hand, have been poorly researched, publicized, and analyzed. Information concerning issues with past contractors on the battlefield is not well documented, and is scattered throughout primary and secondary historical sources. Most research into past logistical support issues has been performed by the Army. The Army's Center of Military History, for example, has published numerous secondary sources on logistics from the Revolutionary War to the present; however, the possible lessons learned from battlefield contracting are not emphasized and in most cases are lost in the overall logistical analysis. The Air Force, in comparison, has done much less research. The Air Force Logistics Management Center has published several historical summaries and studies on logistics, but like the Army, it does not focus on contracting. The Navy has performed limited historical analysis on past contracting. Moreover, historical trends involving contracting have not been studied in any detail by academia and private business. Because of this lack of study by both military and civilian professionals, few past lessons are widely known or understood by policy makers. These lessons have not been learned.

CHAPTER TWO – POLICY ANALYSIS & BACKGROUND

The U.S military has a long history of using contractors on the battlefield. The current level of contractor utilization in GWOT, however, is attributable to policy and force structure changes that occurred near the end of the Cold War. By the middle 1990's, there was a movement to reform the manner in which the government conducted business and procured goods. Outsourcing was seen as a means to reduce costs, size, and scope of the government. Efficiency and cost savings became extremely important. Like other government agencies, the military was not exempt from these reforms. This was especially true as defense budgets drastically decreased after the end of the Cold War.

By the late 1990's, corporations had taken the lead in this new contracting movement, and had become the advocates and model for the government to follow. Although old in its use, outsourcing had been revitalized as a "new" concept to be studied and taught in all of the major business schools in order to achieve greater efficiency, and thereby increase company profit. Many of these business initiatives, concerning contracting, have percolated their way through Congress and the military. However, what is often forgotten, is that the military, unlike private business, does not produce a profit, and its failure to achieve its mission has more dire consequences than if a business goes bankrupt.

Even though the military had long used contractors, there has been a renewed emphasis on outsourcing. Changes in force structure (especially in logistics, maintenance, security, and training) have caused an increased reliance on contractors. Procurement of more sophisticated and high-tech weapon systems has also led to additional reliance on contractors. Since the early 1990s, a significant number of new contingency and support contracts have been awarded to private companies. This has significantly increased the military's dependency on contractors for subsistence, training, force protection, maintenance, technical support, transportation, and other services.

What is Outsourcing?

Outsourcing is used by public, private, and governmental organizations. It involves the buying of goods and services from outside sources, which are not part of the organization itself. A decision is, therefore, made not to produce products or services in-house. In most cases, this entails the concentration on core competencies. The determination of these core competencies is critical, and the initial step of the outsourcing process. Although often viewed as simple, effective outsourcing is a complex process. It requires an in-depth understanding and analysis of several critical factors, benefits, and associated risks. This analysis applies to both military and business.

When deciding to outsource a function, several critical factors are important. Associated with these factors are inherent questions. They are:

1) Cost: Who can do it cheaper? What are the cost savings if the function is contracted?

2) Flexibility: Is demand constant or does it vary? Is there a long idle time for resources before they are utilized?

3) Quality: Who can do it better?

4) Close control over operations: Is it necessary to maintain control? What happens if control is given to a contractor? Who controls the contractor?

5) Lead times for supplies or response time for services: Who has the better times?

6) Changing technology: How fast is technology changing? Who understands the technology the best?

7) Expertise and training: Who has the best expertise?

8) Efficiency and core competencies: Who is most efficient?

9) Competition: Is there enough competition to ensure competitive pricing among contractors?

Although not totally inclusive, the above factors provide a starting point for deciding whether or not to outsource a function.

Directly related to the above factors are the possible benefits to contracting. These include:

1) Reduction in cost: Economies of scale

2) Improved quality of services: Core competencies, expertise / knowledge

3) Increased flexibility: Demand fluctuations

4) Improve efficiency: Best use of available dollars.

5) Reduced organizational structure: For the military this allows force structure to get around imposed force caps in specific operational areas, because contractors are not usually included in force levels.

If there are no benefits, then outsourcing is inappropriate.

Along with the benefits, a thorough understanding of the risks is necessary. Risk assessments are often overlooked, trivialized, and underestimated. What happens if the contract fails to produce the intended benefits? What does this mean to the organization? By contracting, an organization is turning over responsibility of a particular function to another entity. In system analysis, the organization goes from being closed, where it has control over its operating variables, to a more open system, where outside environmental variables, not under the organization's control, can now impact it. Possible risks include:

1) Over dependency on contractors – A default from the contractor could jeopardize the mission for the military, or in the case of a company force it out of business.
2) Loss of expertise to perform in-house – operating environment may not allow contractors to provide support.
3) Large costs to bring back infrastructure to perform in house
4) Loss of control of operations
5) Possible transfer of technology or information to competitor or enemy
6) Lower Morale - Personnel could lose jobs (displaced)

In summary, effective outsourcing is a multifaceted problem. It involves not only examining the critical factors, benefits, and risks, but also the interplay of these variables. A system approach is necessary. As with any major decision, there are second and third order effects. Contractors on the battlefield, for example, impact the entire military system, and how war is conducted. Unlike private business, the military has more at stake. For this reason, several key questions must be answered above all others. What happens if the battlefield contractor does not provide the support or defaults? What is the back-up plan? What are the associated risks to mission and personnel? Unfortunately, as will be discussed in the following section, this has not always been effectively executed by the military.

What is the Military's Policy?

Policies governing outsourcing and contractors on the battlefield are confusing and convoluted. According to the General Accounting Office (GAO), "DOD's agency-wide and service-wide guidance and policies for using and overseeing contractors that support deployed U.S forces are inconsistent and sometimes incomplete."[2] The GAO found that several key policies have never been implemented. Moreover, the DOD Inspector General found problems in current policies as well. Contracting doctrine varies within and between the services. Attempts to implement standard policies and procedures have been unsuccessful. Numerous instructions provide guidance. They are not only DOD, joint, and service specific, but also include Office of Management and Budget (OMB). For instance, the Army Field Support Command's website for contractors on the battlefield lists as references: twenty-four DOD instructions, polices & regulations; two Chairman of the Joint Chief of Staff Manuals; two Joint Publications; seven Department of Army pamphlets & policy memos; seven Army Material Command documents; eight Army Regulations; five Army Field Manuals; two Logistic Civil Augmentation Program (LOGCAP) documents; and twelve international agreements & laws.[3] Definitions for inherently governmental, core competencies, essential services, and "war stoppers" are inconsistent or non-existent. Risk assessments and back-up plans for possible contractor default are not always completed.

With no single source instruction or document, it is difficult to define the current contracting policy. This lack of conciseness is the biggest problem with the program, and has led to variations and discrepancies in battlefield contracting. With contracting personnel an inherent part of the total force, why do these inconsistencies exist, and what are the implications for battlefield contracting and future mission accomplishment? To answer these questions, a nesting

[2] General Accounting Office, "Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD Plans," GAO-03-695 (Washington, D.C., June 2003), 0 [Highlights].

[3] Army Field Support Command website is http://www.afsc.army.mil/gc/battle2.htm .

of the various guidance from different levels (Presidential, Congressional, OMB, DOD, joint and service component) of the military and government is helpful.

Presidential Guidance

In the last twenty years, several U.S. presidents have provided the initial guidance for determining outsourcing policy. President Reagan initiated the current trend. He did not invent outsourcing, but simply caused a renewed interest in its application. His administration viewed government as inefficient and wasteful. Reagan sought to reform the government and reduce costs through outsourcing. In the 1990's President Clinton continued this trend, and formed the National Performance Review (NPR), now called National Partnership for Reinventing Government, to study these issues and make recommendations on procurement. NPR's overall goal was to create a new government that "works better and does less." [4] After his election in 2001, President George W. Bush announced the "President's Management Agenda," which identified competitive sourcing as one of five management initiatives to improve government effectiveness. [5] For the last twenty years, the executive branch has been fundamentally involved in outsourcing. During this period, many government and military jobs were transferred to private industry.

Congressional Guidance

Congress has also shown an increased interest in outsourcing. A series of important federal procurement initiatives have promoted outsourcing.[6] Major legislation include: the Federal Acquisition Streamlining Act (P.L. 103-355); the Federal Acquisition Reform Act (P.L. 104-106); the Information Technology Management Reform Act of 1996 (P.L. 104-106); the

[4] Office of the Vice President. *Serving the American Public: Best Practices in Downsizing, Bench –marking Study Report.* Report of the National Performance Review (Washington, D.C., 1997), 36.

[5] Office of Management and Budget. *The President's Management Agenda for FY2002* (Washington, D.C, 2001), 1. [http://www.results.gov/agenda/fiveiniatives.html]

[6] Valerie B. Grasso, *Defense Outsourcing: The OMB Circular A-76 Policy*, CRS Report for Congress (Washington, D.C., 22 July 2003), CSR-6 – 8.

Defense Reform Initiative; and the Federal Activities Inventory Reform Act of 1998 (FAIR) (P.L. 105-270). The FAIR is the most important because it sets in place a more formal process in which the federal government identifies activities for contracting.

OMB Guidance

A renewed interest in the OMB Circular Number A-76 (Revised 2003) has occurred. The federal policy for competition of commercial activities is contained in this circular. The circular states the policy for outsourcing as follows:

> The long-standing policy of the federal government has been to rely on the private sector for needed commercial services. To ensure that the American people receive the maximum value for their tax dollars, commercial activities should be subjected to the forces of competition. In accordance with this circular agencies shall: a) Identify all activities performed by government personnel as either commercial or inherently governmental; b) Perform inherently governmental activities with governmental personnel; c) Use a streamlined or standard competition to determine if government personnel should perform a commercial activity…."[7]

Key to above policy is the determination of "inherently governmental" military functions, which cannot be outsourced, and of those that are inherently commercial, which fall under the realm of contracting. Per the circular, an inherently governmental activity involves "determining, protecting, and advancing economic, political, territorial, property, or other interests by military or diplomatic action."[8] This guidance is extremely vague, and does not clarify exactly what on the battlefield is subject to contracting. The previous version of the circular (Revision 1999), which was superceded, actually provides more detailed guidance for the military in determining inherently governmental functions. The 1999 version, for example, states "activities performed exclusively by military personnel, who are subject to deployment in a combat, combat support or

[7] Office of Management and Budget, *Performance of Commercial Activities*, Circular No. A-76 [Revised] (Washington, D.C., 29 May 2003), 1.

[8] Ibid., A-2.

combat service support role," are inherently governmental.[9] This requirement has been removed from the current version.

DOD Guidance

Using executive and legislative guidance, and OMB Circular A-76 as a basis, the DOD developed the current contracting policy. In 1996 the Office of Undersecretary of Defense for Acquisition and Technology defined outsourcing as the following:

> "Outsourcing often refers to the transfer of a support function traditionally performed by an in-house organization to an outside service provider. Outsourcing occurs in both the public and private sectors. While the outsourcing firm or government organization continues to provide appropriate oversight, the vendor is typically granted a degree of flexibility regarding how the work is performed. In successful outsourcing arrangements, the vendor utilizes new technologies and business practices to improve service delivery and/or reduce support costs. Vendors are usually selected as the result of a competition among qualified bidders."[10]

Dr Paul G. Kaminski, Under Secretary of Defense for Acquisition and Technology, stated on 24 April 1996 that military support activities would only be considered for outsourcing and privatizing when they met the following three conditions:

- "Private sector firms must be able to perform the activity and meet our war-fighting mission. DoD will not consider outsourcing activities that constitute our core capabilities.
- A competitive commercial market must exist for the activity. DOD will gain from outsourcing and competition when there is an incentive for continuous improvement.
- Outsourcing the activity must result in the best value for the government, and therefore the U.S. taxpayer. Activities will be considered for outsourcing only when the private sector can improve performance or lower costs in the context of long-term competition."[11]

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[9] Office of Management and Budget, *Performance of Commercial Activities*, Circular No. A-76 [Revised] (Washington, D.C., 1999), 2, http://www.whitehouse.gov/omb/circulars/a076/a076.html

[10] Department of Defense, Office of the Undersecretary of Defense for Acquisition and Technology. *Report of the Defense Science Board, Task Force on Outsourcing and Privatization* (Washington, D.C., August 1996), 7a.

[11] Dr. Paul G. Kaminski, "Improving the Combat Edge Through Outsourcing," Address of Under Secretary of Defense for Acquisition and Technology to the Atlanta XXII Conference, Atlanta, Georgia, 24 April 1996. http://www.acq.osd.mil/

Like "inherently governmental", the term "core competencies" is subject to interpretation, and is not well defined. In 1997 the GAO noted that DOD had not developed a process for identifying core requirements for logistic functions and activities. The report declared: "Fundamental to determining whether or not to outsource is the identification of these core requirements."[12] Additionally, the GAO found that Section 2464 of title 10 U.S.C. states "that DOD activities should maintain the government-owned and government-operated core logistics capability necessary to maintain and repair weapon systems and other military equipment needed to fulfill national strategic and contingency plans."[13] The debate on defining core competencies is still not yet resolved. The 2001 Quadrennial Defense Review Report, which establishes DOD's current strategy, provides this guidance.

> "Focus DOD "owned" resources on excellence in those areas that contribute directly to warfighting. Only those functions that must be performed by DOD should be kept by DOD. Any function that can be provided by the private sector is not a core government function. Traditionally, "core" has been very loosely and imprecisely defined and too often used as a way of protecting existing arrangements.
>
> Over the last several decades, most private sector corporations have moved aggressively away from providing most of their own services. Instead they have concentrated efforts on core functions and businesses, while building alliances with suppliers for a vast range of products and services not considered core to the value they can best add in economy. The Department has experimented with this business practice with some success (e.g., providing vertical replenishment at sea, oilers manned by civilians or food and other services in forward deployed areas). Aggressively pursuing this effort to improve productivity requires a major change in the culture of the Department.
>
> DOD will assess all of its functions to separate core and non-core functions. The test will be whether a function is directly necessary for warfighting."[14]

The results of this assessment of core and non-core functions have not been published or released.

DoD Instruction (DODI) 3020.37, "Continuation of Essential DOD Contractor Services During Crises" is the guiding instruction for identifying and ensuring the continuation of mission essential services that have been contracted. Despite its importance, this instruction has never

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[12] General Accounting Office, *Outsourcing DOD Logistics: Savings Achievable But Defense Science Board's Projections Are Overstated*, GAO/NSIAD-98-48 (Washington, D.C., December 1997), 11.

[13] Ibid.

[14] Department of Defense, *Quadrennial Defense Review Report* (Washington, D.C., 30 September 2003), 53-4.

been fully implemented. The GAO examined this problem in 2003.[15] In a report to the Senate's Subcommittee on Readiness and Management Support of the Armed Services, the GAO analyzed many of these contingency issues. The report (GAO-03-695) is entitled "Contractors provide Vital Services to Deployed Forces, but Are Not Adequately Addressed in DOD Plans". The GAO discovered that DODI 3020.37 was rarely used when determining what to contract out, and what measures, if any, should be taken in cases where contractor services were lost. DOD's Office of Inspector General had come to the same conclusion fifteen years before in several audits. It was their audit reports that the GAO referenced in the 2003 report to Congress. DODI 3020.37 specifically states that DOD's policy is:

- "The DOD Components shall rely on the most effective mix of the Total Force, cost and other factors considered, including Active, Reserve, civilian, host-nation, and contract resources necessary to fulfill assigned peacetime and wartime missions.
- Contractors providing services designated as essential by a DOD Component are expected to use all means at their disposal to continue to provide such services, in accordance with the terms and conditions of the contract during periods of crisis, until appropriately released or evacuated by military authority.
- DOD Components working with contractors performing essential services shall develop and implement plans and procedures which are intended to provide reasonable assurance of the continuation of essential services during crisis situations using contractor employees or other resources as necessary.
- For situations where the cognizant DOD Component Commander has a reasonable doubt about the continuation of essential services during crisis situations by the incumbent contractor, the Commander shall prepare a contingency plan for obtaining the essential service from alternate sources (military, DOD civilian, host-nation, other contractor(s))."[16]

The last bullet is further clarified by giving the commander three options in cases where contractor services could be lost. They are: 1) transition from contractor to other sources, 2) prepare contingency plan, or 3) accept risk. DOD Components are responsible for annually

[15] General Accounting Office, *Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD Plans,* GAO-03-695 (Washington, D.C., June 2003), 15.

[16] Department of Defense, *DOD Instruction 3020.37, Continuation of Essential DOD Contractor Services During Crises* (Washington, D.C., 6 November 1990). [Administrative Reissuance Incorporating Change 1, 12 January 1996], 2.

reviewing new and existing contracts to identify all contracts that are essential during crisis situations. They are also responsible for conducting annual assessments of the unanticipated and/or premature loss of contractor services on the effectiveness of support to mobilizing and deployed forces. The GAO prepared the following diagram, Figure 2, to show how the system should work. GAO's censure of this instruction is not new.

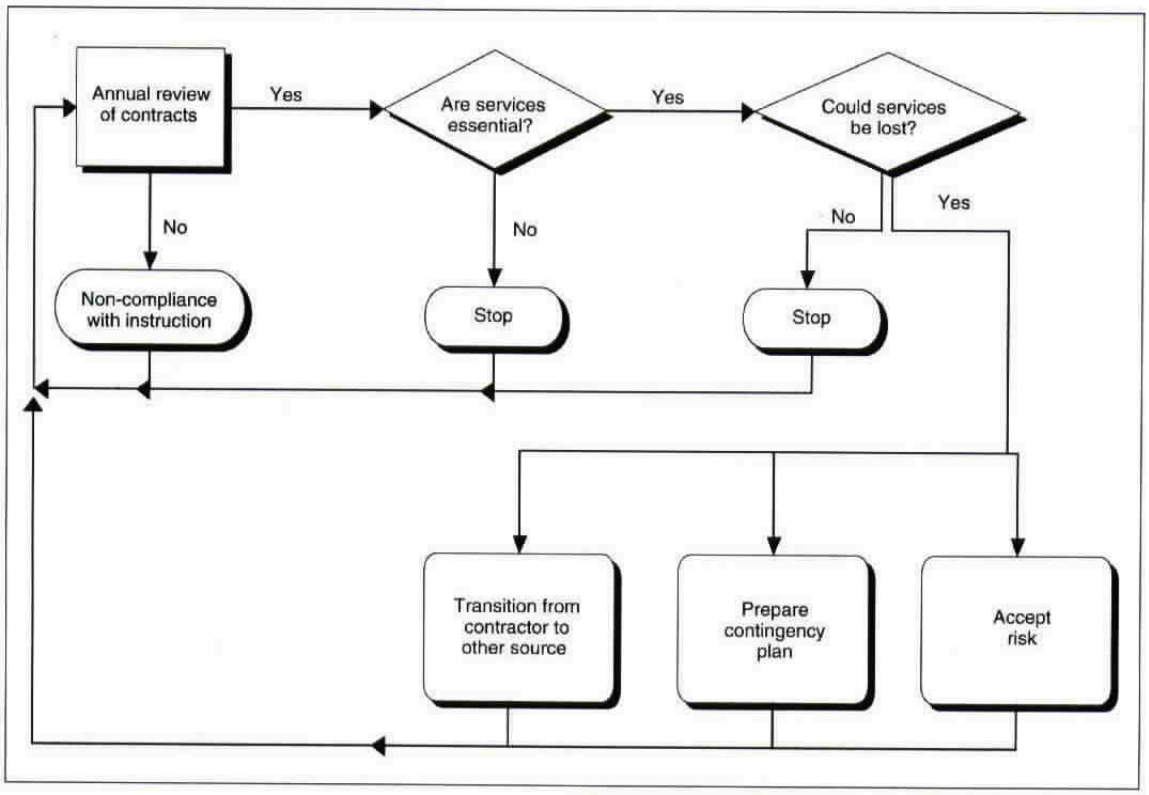

Figure 2: Flowchart for Reviewing Contracts.

Source: General Accounting Office, *Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD Plans.* GAO-03-695. Washington, D.C., June 2003, p. 14.

The Office of Inspector General has been highly critical of many of the contracting policies, especially DOD's identification of emergency-essential services, and the ability to ensure continuation in the event of a contractor default. In fact, DODI 3020.37 was originally developed because of the Inspector General audit (Report Number 89-026), which was issued in

1988. The report formally questioned DOD's ability to ensure contractor support of essential services during hostile or crisis situations. The report recommends that commands identify all "war-stopper" services that should be performed exclusively by military personnel. It is also recommended that a contingency plan be in place for those services, which have been outsourced, in case of contractor default.[17] Following a review of DODI 3020.37, the Office of the Inspector General on 26 June 1991issued the "Audit Report on Civilian Contractor Overseas Support During Hostilities (Report Number 91-105), which was provided to the Assistant Secretary of Defense for Force Management and Personnel. The audit reported the following finding:

> "DOD Components cannot ensure that emergency-essential services performed by contractors would continue during a crisis or hostile situation. This condition was previously reported in Inspector General, DOD, Audit Report No. 89-026 "Retention of Emergency Essential Civilians Overseas During Hostilities," 7 November 1988. DOD efforts to establish policy on emergency-essential services were not accomplished in a timely manner. In addition, the policy [DODI 3020.37] issued did not adequately address providing reasonable assurances of continued emergency-essential services during crises. As a result, essential contractor support may not be available at the time of greatest need. Such loss of contractor support on sensitive military equipment and systems would have a degrading effect on the Armed Forces' capabilities in a protracted war effort." [18]

At the center of the report are the definitions of "emergency-essential" and "war stopper." The report stated:

> "The term "emergency-essential" service, as used in this report, is defined as a service provided under contract for sustaining vital defense systems and associated support activities considered of utmost importance to DOD's mobilization and wartime mission. The failure to immediately perform these emergency-essential services would seriously degrade the effectiveness of defense systems or operations… Such services, termed "war stoppage" in this report, should be performed by military personnel."[19]

The audit found that thirty-four percent (67 of 195) contracts, which were reviewed, were classified as emergency –essential by the requiring activity. Of the 67, only a "few" had contingency plans to cover a default by the contractor. The report also stated:

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[17] Department of Defense, Office of the Inspector General, *Retention of Emergency-Essential Civilians Overseas During Hostilities,* Audit Report Number 89-026 (Washington, D.C.: 7 November 1988).

[18] Department of Defense, Office of the Inspector General, *Audit Report on Civilian Contractor Overseas Support During Hostilities,* Audit Report Number 91-105 (Washington, D.C., 26 June 1991), 5.

[19] Ibid., 1.

> "No central office within DOD or the Military Departments had oversight responsibility for contracts involving emergency-essential services. No major command or subordinate command we visited could provide us with data concerning all contracts vital to combat or crisis operations. Therefore, we could not quantify the numbers of emergency-essential contracts and related contractor personnel. A Defense Science Board Task Force report, issued in 1982, stated that more than 5,000 contractor employees were providing emergency-essential services overseas for Military Departments. Lacking central guidance, many commands had devised their own policies and procedures to identify and manage emergency-essential services during crises or hostile situations."[20]

The Inspector General made three recommendations in the 1991 audit report. The first required the identification of "war-stopper" services that should be performed exclusively by military personnel. The second recommended that an annual reporting system be used to identify the number of emergency-essential contracts, and the number of contractor personnel associated with each contract. The last one was to require provisions to safeguard contractor personnel performing emergency-essential services during a crisis or hostile situation.

Although the recommendations and problems from the audit were reviewed, most were never put into practice. In the official response on 20 May 1990, Christopher Jehn, Assistant Secretary of Defense, believed that DODI 3020.27 already adequately covered these issues. Because the instruction had just been recently published, there had not been time to implement it. Once implemented, however, it was felt that the issues involving emergency-essential services would be resolved. Unfortunately, this did not occur. Mr. Jehn also did not see the need to track the number of contractors on the battlefield.

The issues identified in the audit report still apply today. The lack of constancy, identification, and reporting of emergency-essential and contracting services among and within the individual Military Departments is still present. The exact number of contractors, and the critical tasks that they are performing is unknown. There are no effective means or system to identify services that should be considered "war stoppage", and as such should only be performed exclusively by military personnel as recommended by Audit Report No 89-026. Many essential

[20]Ibid., 5.

contracts still lack contingency plans in case of contractor failure. With respect to having plans in case of contractor default, the 2003 GAO report stated:

> "DOD has not fully included contractor support in its operational and strategic plans. As early as 1988, DOD was aware of the need to identify contractors providing essential services but has done little to do so in the ensuing 15 years. In 1991, DOD instructed its components to identify essential services provided by contractors and develop plans to ensure the continuation of those services should contractors become unavailable. However, we found that DOD components have not conducted the directed reviews to identify those contracts providing essential services. We also found little in the way of back-up plans in operational plans or as separate documents, finding only one written back-up plan among the locations we visited, which included the Balkans and several Persian Gulf countries. Many service officials told us that contractors have supported contingencies in the past and, in their opinion, it was unlikely that contractors would not be available to provide support to deployed forces. While most contractors with whom we met in the Persian Gulf stated their intention to remain in the event of war with Iraq, contractor employees could become unavailable due to enemy attack or accidents. Some commanders noted that although they have not formalized back-up plans, they assumed that should contractor support become unavailable, the personnel needed to continue the service would be provided either by other contractors or from military units. However, without firm plans, there is no assurance that the personnel needed to provide the essential services would be available when needed. Finally, DOD has done little to include contractor support in its strategic human capital planning."[21]

The GAO found that a lack of back-up plans was shortsighted. Contractors cannot be ordered to stay in a hostile environment or replace other contractors that decide not to deploy. "DOD can initiate legal action against a contractor for nonperformance, but the mission requirement the contractor was responsible for remains."[22] GAO stressed that it is not realistic to assume contractor employees will always be available to carry out essential services.

> "Reasons for the loss of contractor support can extend beyond contractors refusing to deploy to or remain in the deployed location. Contractors could be killed (seven contractor employees were killed in the 1991 Gulf War) or incapacitated by hostile action, accident, or other unforeseen events. Furthermore, there is no guarantee that a contractor will be willing to deploy to replace the original contractor."[23]

The GAO further emphasized the need to review contracts in order to identify mission essential services.

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[21] General Accounting Office, *Contractors Provide Vital Services to Deployed Forces*, 2-3.
[22] Ibid., 16-17.
[23] Ibid.

> "Service and combatant command officials we spoke with were generally unaware of the requirement to review contracts annually and identify essential services. None of the regional combatant commands, service component commanders, or installations visited during our review had an ongoing process for reviewing contracts as required by DOD Instruction 3020.37. Without identifying mission essential contracts, commanders do not know what essential services could be at risk during operations. Furthermore, the commanders cannot determine when backup plans are needed, nor can they assess the risk they would have to accept with the loss of contractor services. One Air Force official indicated that our visit had prompted a review of their contracts to identify those that provided essential services and that he became aware of this requirement only when we asked about their compliance with the instruction."[24]

The 2003 GAO report made three recommendations to DOD. The first one was to conduct required reviews to identify mission essential services provided by contractors and include them in planning. The second was to develop and implement the use of standard language for contracts. Lastly, DOD needed to develop more comprehensive guidance and doctrine to help services manage contractors supporting deployed forces.

Besides those noted in the 2003 report, the GAO also documented other potential problems with DOD's current policies concerning battlefield contracting in other reports. Many of these reports focused on determining actual cost savings, a lack of training for military personnel on supervising contracts, confusing and inconsistent doctrine, and a failure to implement lessons learned from the past. In a July 2004 report the GAO recommend that the Secretary of Defense ensure that the following four actions be taken:

- "Emphasize to the heads of DOD components the need to comply with guidance to identify operational requirements that are to be provided by contractors early in the planning process and involve the contractor in the planning, where practicable. If security concerns prevent the involvement of the contractor, direct unclassified statements of work be developed and provided to the contractor.

- Direct the service secretaries to establish teams of subject matter experts who will periodically travel to locations where contractor services are being provided by logistics support contracts to evaluate and make recommendations on (1) the appropriateness of the services being provided, (2) the level of services being provided, and (3) the economy and efficiency with which the services are being provided.

[24] Ibid., 15.

- Implement a department-wide lesson learned program that will capture the experiences of others who have used logistics support contracts. This system should include lessons learned from operations as well as lessons learned and best practices documented by DOD's audit agencies.

- Develop and implement training courses for commanding officers and senior leaders who are deploying to locations with contractor support. Such training should provide information on the role of commanders and others in the contracting process. Specifically, the training should provide instruction on (1) developing and documenting requirements, (2) ensuring that contractors perform in a cost-effective manner, and (3) assessing contractors' performance. The training should also include information on the limits of commanders' authority vis-à-vis contractors and include information on the roles and responsibilities of DCMA [Defense Contract Management Agency] and other oversight agencies."[25]

There are several key points from the above recommendations. First, the identification of operational requirements, which require contracting assistance, must be noted early in the planning process. This point is critical. During OIF, GAO found that the Army's primary logistics contractor, Kellogg, Brown & Root (KBR), had not been included in the planning of the war because of operational security concerns (OPSEC). Once the war ended, KBR was, therefore, unable to effectively respond in a timely manner to the Army's logistical support requirements. This could have disastrous repercussions in future GWOT operational environments, which are even more austere and remote. It requires resolution, and changes to DOD's contracting policy for future operations. Second, a failure to effectively implement or document historical lessons learned causes a continuous repetition of the same error or mistake. This dilemma in applying lessons learned involving contractors on the battlefield has been an issue since before the Revolutionary War.

Joint and Service Specific Guidance

In addition to DOD instructions and polices, there are several joint and service component instructions that provide amplifying and sometimes conflicting guidance on the

[25] General Accounting Office, *Military Operations: DOD's Extensive Use of Logistics Support Contracts Requires Strengthened Oversight,* GAO-04-854 (Washington, D.C., July 2004), 49-50.

utilization of contractors. In recent years the number of these instructions has risen. Part of this rise is due to GAO and audit reports that show a lack of coordination and support for contracting. These instructions focus on providing information to support operational commanders in managing, planning, and operating with contractors. Yet, the sheer number of these service specific instructions has in itself caused inconsistencies. To solve some of these doctrine issues, Joint Publication (JP) 4-0 *Doctrine for Logistic Support of Joint Operations* was rewritten to include a chapter, "Contractors in the Theater", specifically dealing with contracting. JP 4-0 stresses that "contractor support can augment existing capabilities, provide expanded sources of supplies and services, bridge gaps in the deployed force structure, leverage assets, and reduce dependence on US-based logistics. [26] It views contractors as a force multiplier. However, with only ten pages, the chapter provides basic information, and is not very useful. The chapter is currently being revised.

Of all the services, the Army has done the most to produce amplifying guidance. Some of their more relevant manuals and instructions include: Field Manual 3-100.21 *Contractors on the Battlefield*,[27] Field Manual 100-10-2 *Contracting Support on the Battlefield,* [28] Army Regulation 715-9 *Contractors Accompanying the Force,*[29] Army Regulation 700-137 *Logistics Civil Augmentation Program (LOGCAP),*[30] and the Army Pamphlet 715-16 *Contractor Deployment Guide.*[31] Although these instructions provide mainly guidance in contractor management, they also give Army policy information on what can be contracted out. Army Regulation 715-9, for example, under force structure states that:

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[26] Department of Defense, *Joint Publication 4-0, Doctrine for Logistics Planning of Joint Operations* (Washington D.C.: June 1995), V-1.

[27] Department of Army, *Field Manual 3-100.21, Contractors on the Battlefield* (Washington D.C., 3 January 2003).

[28] Department of Army, *Field Manual 100-10-2, Contractors Support on the Battlefield* (Washington D.C., 4 August 1999), 1-1 – 4-11.

[29] Department of Army, *Army Regulation 715-9, Contractors Accompanying the Force*, (Washington, D.C., 29 October 1999), 1-21.

[30] Department of Army, *Army Regulation 700-137,Logistics Civil Augmentation Program (LOGCAP)* (Washington, D.C., 16 December 1985), I-7.

[31] Department of Army, *Contractor Deployment Guide*.

> " a) Contractor-provided support is designed to augment military force structure: it does not replace military force structure. Contractor-provided support will be used on an "as needed" basis (e.g., when military, DOD civilian, host nation or multinational support capabilities are not readily available).
> b) Current or anticipated force structure voids shall be the key determinant in selecting operational functions subject to augmentation by contract support personnel."[32]

The above policy regulation does not reflect the current realities on the battlefield or DOD polices, because some force structure, such as specific technical maintenance capabilities, has already been replaced by contractors, and are no longer performed by military personnel. On 12 December 1997, the Department of the Army issued a policy memorandum entitled "Contractors on the Battlefield," which states that the following items must be considered "during the negotiating and drafting of any contract that requires the employment / deployment of civilian contractors to support U.S. Army operations/weapon systems:

- Areas of deployment (to include potential hostile areas) and their associated risks.
- Physical/Health limitations that may preclude contractor service in a theater of operations.
- Contractor personnel reporting and accountability systems to include plans to address contractor personnel shortages due to injury, death, illness, or legal action.
- Specific training of qualification(s) that will be required by civilian contractors to perform within a theater of operations, e.g. vehicle licensing, NBC [nuclear, biological & chemical], weapons.
- Reimbursement for government provided services, e.g. medical/dental.
- Interface between government and contractor Management Information Systems (MIS)
- A plan to transition from peacetime operations to operations during conflict, war, and/or MOOTW [military operations other than war], and a subsequent plan to transition back to peacetime.
- A plan to transition mission accomplishment back to the government if the situation requires the removal of contractors.
- Preparation for Overseas Movement (POM), Points of Embarkation/Debarkation for U.S. contractors, deployment/re-deployment into/from theater, and deployment of all contractor personnel through specified CONUS Replacement Center.
- When Status of Forces Agreements (SOFAs) do exist, they may not specifically address the status of contractor personnel. Contractor personnel status will

[32] Department of Army, *Army Regulation 715-9*, 11.

> depend on the nature of the specific contingency operations and those applicable to SOFA provisions."[33]

The GAO, as already discussed, has questioned the actual implementation of many of the required policies (contractor planning, back-plans for replacement, etc) from this memorandum.[34]

The other services have done much less to provide any guidance on supporting contractors on the battlefield. The Navy provides the least. The GAO reported:

> "The Navy does not have any guidance related to contractor support of deployed forces. Navy officials stressed that because most Navy contractors are deployed to ships, many of the issues related to force protection and levels of support do not exist. Nevertheless, some contractors do support Navy ashore and therefore may operate in an environment similar to contractors supporting the Army. In fact, of the seven contractors killed in the 1991 Persian Gulf War, three were working for the Navy. Furthermore, we learned that there have been issues with support of contractors deployed on ships. For example, officials at the Navy's Space and Naval Warfare Systems Command told us they were not sure if the Navy was authorized to provide medical treatment to their contractors on deployed ships."[35]

The Air Force, on the other hand, does provide some guidance. However, their guidance is not always the same as that provided by the Army. In an Air Force General Counsel document "Deploying with Contractors: Contracting Considerations" the Air Force presents a slightly different view and policy on the performance of essential services.

> "If a contractor's employees cannot or will not perform mission essential contract services, the Government has few immediate remedies. The contractor is obligated to recruit and train replacement employees, but this might take time. In the worst case, the contractor would be unable to provide employees to perform services on which the Government relies. Terminating the contract for default may not be practicable if the contract is large and is otherwise useful. Instead, the Government might terminate that portion of the contract and request a downward price adjustment. If the contractor will not agree to a price reduction, however, time and resources could be subsequently lost on contract claims and litigation. The best approach is to try to plan for contingencies well in advance. One such plan could include stipulated penalties for partial default resulting from failure to continue performance during a crisis, but dollar deductions or other penalties may be meaningless if the lack of essential services means, for example, combat aircraft are not available when needed. The best plan is for contracts to require contractors to train military members well in advance, so the Government can take full

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[33] Department of Army. "Contractors on the Battlefield," Policy Memorandum (Washington, D.C., 12 December 1997). In Department of the Army, *Field Manual 100-10-2*, Appendix F.

[34] General Accounting Office, *Contractors Provide Vital Services to Deployed Forces*, 16-25.

[35] Ibid., 25.

> advantage of its rights under contract clauses that allow the Government to perform in lieu of the contractor(s)."[36]

The service and joint doctrine discuss many of the potential problems and associated policies in using contractors on the battlefield. Army, Air Force, Navy, Marine Corps, and joint doctrine use different language and present varying amounts of guidance for each of these topics. The first problem involves the legal status of contractors. Contractors (except during a declared war) are not subject to military regulations or the Uniform Code of Military Justice (UCMJ).[37] Military commanders cannot force contractors to perform their duties or punish them for acts of misconduct.[38] Questions of how to discipline and punish contractors for default and crimes are important. Although not yet fully implemented, the Military Extraterritorial Jurisdiction Act (MEJA) of 2000 extends the federal criminal jurisdiction to allow the prosecution of serious federal offenses committed by DOD contractors or civilians outside the U.S.[39] This act was passed by Congress after a lack of jurisdiction prevented the prosecution of several Dyncorp employees in Bosnia that were accused of buying and selling young girls as "sex slaves." However, the act still only applies to U.S citizens, and with contractors employing large numbers of foreigners, its applicability is limited. The contractor is responsible for following host nation laws (except if the contractor is under SOFA), and is accountable in U.S. civil court for contract default or violations. The Abu Ghraib prison scandal in Iraq has once again brought the questions concerning the legal status and ethical responsibilities of contractors into the limelight. Four contractors, who acted as interrogators and translators, have been implicated in the mistreatment of Iraqi prisoners. They have been accused of being involved in sixteen of the forty-four documented abuses. Yet, since the contractors were employed by the Department of Interior and

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[36] Department of Air Force, Office of the General Counsel, *Deploying with Contractors: Contracting Considerations*, Air Force General Counsel Guidance Document (Washington, D.C., November 2003), 4.

[37] Department of Army, *Field Manual 3-100.21,* 1-2.

[38] Department of Defense, *Joint Publication 4-0*, V-8.

[39] Department of Air Force, *Contracting Considerations*, 6-7.

not directly by the DOD, the MEJA is not applicable. It is unlikely that they will ever be prosecuted.[40]

The second problem deals with force protection for contractors. The Army's policy is that when contractors are deployed in support of Army operations/weapon systems, they will be "provided force protection commensurate with that provided to Department of Army civilian personnel."[41] Air Force policy is similar in that "the military is responsible for protecting and defending contractors on military installations or in areas of military control, particularly against armed enemies (although in some cases the host nation is responsible by agreement for perimeter security)."[42] However, both of these polices are different from that given in JP 4-0, which states "force protection responsibility for DOD contractor employees is a contractor responsibility, unless valid contract terms place responsibility with another party (e.g. the geographic Commander-in-Chief or Chief of Mission)."[43]

The third problem involves the arming of contractors, which all instructions suggest that, as a general policy, should not occur. Yet, none give instances when they should be armed, other than it being situation dependent. Despite the lack of policy clarification, there has been a recent rise in the utilization of armed contractors, who provide security on the battlefield. The military has hired these contractors to provide force protection and base security. Many civilian companies supporting U.S troops have also employed security firms as sub-contractors to protect their employees. With contractors carrying weapons, their status as non-combatants and civilian personnel has become unclear. In the past these armed contractors would have been called mercenaries. With a growing number of armed civilians interacting with the military on the battlefield, little guidance exists on ensuring that these forces do not become "rogue" armies,

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[40] Shawn Macomber, "Your not in the Army Now," *The American Spectator*, November 2004, 28-30.

[41] Department of Army, *Field Manual 3-100.21*, 6-1.

[42] Department of Air Force, *Contracting Considerations*, 13.

[43] Department of Defense, *Joint Publication 4-0*, V-7.

conducting their own missions and operations. This issue is further complicated when the Law of War Status for Contractor Personnel is considered. The Geneva Convention, although not recognized by terrorist groups in GWOT, establishes that civilians accompanying the force have a prisoner of war status if captured by enemy combatants. Dr. John B. Alexander, who is Senior Fellow at the Joint Special Operations University, summarized the arming of civilian contractors in the following.

> "Many of these contractors are heavily armed and have used deadly force. … Large transnational companies routinely engage contracted security. Many of these contractors look like executive class mercenaries, but with a professional imprimatur. They are often subsidiaries of well-established and respected companies. In corporate boardrooms around the world, the image of the rogue soldier of fortune is being transformed into that of an elite master craftsman. The impact will be profound for the U.S. military. …
>
> Outsourcing of military services has been embraced by the U.S. as a means to minimize exposure of troops and acquire services currently not available due to personnel resource constraints. Undoubtedly, this will lead to expansion of such techniques by other countries and larger international organizations. The issue of preemptive operations by contract organizations, key to counterterrorism, is totally unbounded. The institutional and ethical boundaries have not been tested as to what operations are appropriate. The question is whether or not Pandora's Box has been opened?"[44]

The last issue involves what required military logistical support is to be given to the contractor. This varies by service and contract. The Army and Air Force have set policies (although at times inconsistent), while the Navy, as shown by not knowing what medical support is given, has more ambiguous regulations. As a general overview, joint and service doctrine requires improvement in resolving these issues and providing guidance to operational commanders.

Why use battlefield contractors and what are they doing?

There are several reasons for the recent growth in the number of battlefield contractors. Many of them have already been touched upon. Military budget reductions, the political desire to

[44] John B. Alexander, *The Evolution of Conflict Through 2020: Demands on Personnel, Machines, and Missions*. A Joint Special Operations University Paper prepared for the Conference on the "Changing Nature of Warfare," in support of the "Global Trends 2020" Project of the U.S. National Intelligence Council (Washington, D.C., 24-25 May 2004), 5.

reduce the size and scope of government, and the requirement for additional expertise to perform maintenance on increasingly sophisticated weapon systems are just some of the reasons. Yet, there are also other reasons that are sometimes overlooked. In many operating areas, the military is subject to limitations in the size of the force (force caps) in specific countries. Many of these force caps are politically generated either from the U.S or host country. Since contractors are not counted against the number of deployed U.S military forces, their presence is a way to get around these limitations, and provide additional support to the troops. Regional and local contractors allow the military a way to respond to crises when it is not possible to get all the necessary equipment and personnel into the operational theater in a timely manner. Moreover, the use of local contractors provides the military a venue in which to help the host nation economy by pumping in hard currency. Thus, by using local contracting the military creates jobs, which can further stabilize the region. Contractors also permit the U.S. to put a civilian "face" on military operations in foreign countries. This relates to political sensitivities in some host nation governments, which do not desire U.S forces to operate "overtly" in their country because of public sentiment and local perceptions relating to sovereignty. In some cases, the smaller the U.S. military footprint in a host nation the better, and contractors are a way to accomplish this.

As an augmentation force to the military, contractors are extremely useful. Yet, military policies, as shown in the previous policy section, have taken contractors beyond that of being an augmentation force. Civilians are now performing a wide variety of functions and missions on the battlefield that are no longer executed by military forces. For some of these missions, the military no longer has the capacity or capability to perform them.[45] In 1991, the Inspector General Audit Report No. 91-105 identified a growing trend toward increasing military dependence on contractor support. It found that contractor personnel are relied on for technical assistance, advice, instruction, and training of military personnel in the installation, operation, and

[45] General Accounting Office, *Contractors Provide Vital Services to Deployed Forces*, 6-9.

maintenance of weapon systems and equipment. With the hi-tech nature of military equipment, contractors act as a liaison between military operators and the manufacturers of that equipment. Contractors act in the role as technical representatives (Tech Reps). Their support for many front-line weapons on ships, aircraft, and land combat equipment is currently essential. [46] Examples of these systems include: Apache and Blackhawk helicopters, chemical and biological detection equipment, Predator un-manned aerial vehicles, digital communication, command & control systems, and navigation systems to name just a few. The list for required contractor technical support is long. The GAO found, for instance, that "the Army's Guardrail surveillance aircraft was entirely supported by contractors because according to Army officials, it was not cost effective to develop an organic maintenance capability for the aircraft."[47] Even rather simple non-technological equipment such as the Marine's new transport truck was designed to be reliant upon contractors.

In addition to technical support, contractors are involved with almost every aspect of service support on the battlefield. Army Field Manual 3-100.21 describes their employment:

> "It [contracting] is more than just logistics; it spans the spectrum of combat support (CS) and combat service support (CSS) functions. Contracted support often includes traditional goods and services support, but may include interpreter, communications, infrastructure, and other non-logistic-related support. It also has applicability to the full range of Army operations, to include offense, defense, stability, and support within all types of military actions from small contingencies to major theaters of war."[48]

The description above is applicable to all services. Contractor services are extremely varied. They drive trucks, fly planes and helicopters, man ships, feed troops, do laundry, provide force protection and security, build and operate bases, act as interpreters, interrogate enemy soldiers, provide intelligence, aid in planning operations, maintain equipment, and perform other types of activities.

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[46] Office of Inspector General, *Civilian Contractor Overseas Support During Hostilities*, 1.
[47] General Accounting Office, *Contractors Provide Vital Services to Deployed Forces*, 9.
[48] Department of Army, *Field Manual 3-100.21*, 1-1.

Peter W. Singer, who is a National Security Fellow at the Brookings Institution, divides military contractors into three different categories, which he labels as support, consultant, and provider.[49] Military "support" firms (such as Kellogg, Brown & Root (KBR), SAIC) provide non-lethal aid and assistance. Military "consultant" firms (such as MPRI, Vinnell, and Dyncorp) provide advisory and training. Lastly, "provider" businesses (such as Sandline and Executive Outcomes) offer implementation and command services, and are sometimes involved in direct combat operations. While support and consultant contractors have been routinely used in past U.S. operations, Singer notes that there has been an increase in the utilization of "provider" services by the U.S military, corporations, and foreign governments. A rise in the employment of private security contractors, who carry weapons, has changed the battlefield. Armed contractors, for example, have been given the mission of providing security for Afghan president Harmid Karzai. The four American contractors, who were killed and hung over a bridge in Fallujah, Iraq in April 2004, were employees of a private security firm. Private security contractors in Iraq have their own vehicles, helicopters, and weapons. According to journalist Shawn Macomber in the article "You're not in the Army Now," corporate commandos in the summer of 2004 helped fight off an attack on the Coalition Provisional Headquarters in Najaf for several hours with their own soldiers and helicopters, and that by the time the U.S military was aware of the battle, it was over.[50] Wolf Weiss, the president of small private security company operating in Iraq stated:

> "A lot of people are calling us private armies – and that's basically what we are. This is not a security company. This is a paramilitary force.
>
> The company's motto: "Protect the weak, defend the innocent, strike down thine enemies and vanquish all evil by the right hand of God. Strength and honor to all who live by the code of the warrior.""[51]

[49] Peter W. Singer, *Corporate Warriors: The Rise of the Privatized Military Industry* (Ithaca: Cornell University Press, 2003), 88-100.

[50] Macomber, "Your not in the Army Now," 28.

[51] Ibid.

With contractors performing so many tasks, the difference between force augmentation and force reliance has been blurred. On the surface there is a perception, such as that given in Army Regulation 715-9, which uses the term "augmentation,"[52] that force structure and capabilities have not been eliminated or drastically reduced. However, in reality this is not the case. Many leaders have a misperception that contractors are only force multipliers. They are much more, and have in the last twenty years evolved into an inherent part of the total military force. As military forces steadily become more reliant upon contractor support, the U.S. ability to conduct GWOT without contractor assistance diminishes. Because of inconsistent policies and doctrine, which give incomplete definitions of core capabilities, war stoppers, and mission essential services, it is difficult to gauge the importance of battlefield contractors to current operations. Without a clear understanding or tracking of how many contractors are on the battlefield and what mission essential functions they are performing, it is also hard to accurately determine what they are doing, or what effect it would have if they stopped.

Policy Summary and Suggestions

DOD's policies regarding contractors are confusing and contradictory. Too many separate instructions, regulations, and manuals exist. This makes it difficult for commanders to understand outsourcing policies, and manage contractors. This becomes even more tenuous in joint operations, where contractors, who fall under different service policies, interact on the battlefield. Not even looking at the operational environment of GWOT, which will be discussed later in Chapter 4, DOD's outsourcing policies and doctrine require simplification, consolidation, and clarification. Consistent definitions and policies for "core competencies", "mission essential", and "war stoppers" are lacking. Applying the evaluation criteria (reliability, effectiveness, efficiency, and flexibility) to the policies themselves, it becomes evident that change is needed.

[52] Department of Army, *Army Regulation 715-9*, 11.

Many of the existing policies to ensure reliability, such as mission essential identification and back-up plans, have never been fully implemented. Poorly written guidance has reduced efficiency and effectiveness. The GAO has stated in several reports that projected contractor efficiencies are not always realized, and additional guidance and training is necessary.[53] Procurement, acquisition, force management, and force analysis by planners, budgeters, and other staff officers are made more difficult because of these confusing and complicated instructions.

To improve battlefield contracting, several possible changes are suggested. First and foremost, a reduction, standardization, and consolidation in the number of different guidance instructions are needed to mitigate confusion, and provide more detailed easy to understand information. This allows more consistent definitions of "core competencies", "mission essential services", and "war stoppers" to occur. A clearer picture of DOD's utilization of battlefield contractors would emerge. It also improves policy implementation and review. Training to commanders and contractor managers is easier, and more transparent. It is, therefore, suggested that the number of DOD contracting instructions be consolidated and reduced to only three.

The first instruction would be at the DOD level. This instruction provides overall policy guidance for contracting. DODI 3020.27 becomes a part of this instruction. Definitions for "core competencies", "mission essential services", and "war stoppers" are included. Any required references to other DOD instructions are discussed. Required assessments, contract audits, etc. are also present. The second instruction would be at the joint level, and it provides guidance to operational commanders, planners, and supervisors in the field. The contracting chapter in JP 4-0 is expanded to become its own separate manual. Information contained in the Army and Air Force field manuals, policies, and regulations are incorporated. This enables all individual service

[53] General Accounting Office, *Need to Strengthen Guidance and Oversight of Contingency Operation Costs*, GAO-02-450 (Washington, D.C., May 2002), 1-33; General Accounting Office, *Contingency Operations: Army Should Do More to Control Contract Cost in the Balkans*, GAO/NSIAD-00-225 (Washington, D.C., 09 September 2000), 1-24 ; General Accounting Office, *Extensive Use of Logistics Support Contracts Requires Strengthened Oversight*, 49-50.

policies and doctrine to be cancelled. The last instruction would be more technical in nature, and could be administered by agencies such as the Defense Management Contracting Agency. This instruction provides amplifying guidance, checklists, deployment guides, etc to contracting officers to facilitate the deployment and management of contractors. Detailed lists as to what can and cannot be contracted out are included.

In addition to the three instructions, a detailed report, published annually, should be provided to commanders and contracting officers. This report provides contract information on which specific systems and services were contracted out, the number of contractors involved, reliability issues, trends, and associated risks from that year. This would require DOD to establish a database in which to monitor contracting.

CHAPTER THREE – HISTORICAL ANALYSIS

"Those who cannot remember the past are condemned to repeat it".[54]

--George Santayana

Although the above quote is over-used and highly clichéd, there is truth in what it says. Many problems associated with battlefield contractors continue to repeat themselves throughout American history. To accurately evaluate outsourcing and contractors on the battlefield in GWOT, a brief historical analysis is, therefore, required. In doing so, several historical trends emerge. When dealing with complex and changing operational environments, such as that seen in GWOT, the past often holds the key to understanding current problems, and it helps predict the future implications of not resolving them. By analyzing contractors in the past, a broader vision is formed; thus, preventing a myopic view of current events.

Throughout American history contractors have been on the battlefield providing services and support to the military. Many military policy makers cite this fact as a reference to support current outsourcing policies in GWOT. However, what they often fail to fully understand is what

[54] QuoteGallery, *Quote Gallery* [Internet]. www.quotegallery.com.

this statement actually says, and what it does not say. There is an inherent assumption that because it was done in the past, it must work for the future. While it is true that contractors have always been on the battlefield, their utilization, performance and reliability, for example, have not been consistent throughout our history. It is from this misinterpretation and lack of understanding of the facts that many misperceptions concerning contractors on the battlefield have evolved.

First, military and government leaders often incorrectly assume that there is a linear historical trend that shows an increase in contractors on the battlefield and outsourcing. The actual utilization represents more of a sine wave. The relative percentage and proportion of outsourcing military capabilities has gone up and down during different periods in American history.[55] In fact, there have been periods in our history, such as during the American Revolution, when the military was much more dependent upon contractors to provide basic support to the battlefield than even today.

Second, a poor understanding of past military experiences involving battlefield contractors has led to a perception that current trends in business outsourcing are something new, and provide a model for the military to follow. In reality, it should be the other way around. Businesses and academia should be studying past military outsourcing as a model for themselves in order to understand the long-term implications of their actions. What many military leaders fail to realize is that many of these "so-called" new outsourcing business initiatives, such as concentrating on core activities and functions, have already been tried by the military in the past. Some have been successful, and others have not.

If the historical trend toward contractors on the battlefield has not been steady, several important questions require answering. The most critical is: What caused the change back and forth? Logically, if contractors worked effectively, and there were no problems, then the historical trend should be linear or even exponential. Other questions also come to mind. Are

[55] Charles Shrader, "Contractors on the Battlefield," Landpower Essay Series No 99-6 (Association of the U.S. Army, May 1999), 13.

there any discernable factors that may have influenced this trend over time? Did the operational environment have any impact on contractors on the battlefield? To answer these questions, a brief examination of U.S. military history since the American Revolution is required.

Past Trends

In order to show the past outsourcing trends, the U.S military's historical experience with contractors is divided into five sequential periods. The first time period deals with the American Revolution in which both the Americans and British were extremely dependent on battlefield contractors. This period requires a close analysis, because it sets the foundation for future contractor utilization by the American military. The next era is a transitional period that spans the years from the American Revolution up to the Civil War. During this period, there was a slow movement away from battlefield contractors, and a re-examination of the contracting system. The third period, stretching from the Civil War to World War I, is one in which battlefield contractors were used to supplement military forces during specific campaigns and contingencies. During this period, the Quartermaster Corps was established. By World War I and World War II, which is the fourth period, the role of contractors continued to diminish with military troops handling most of their own support on the battlefield. The last period, spanning from the Korean War to the commencement of GWOT, reveals a significant reversal of this emerging historical trend of declining utilization of battlefield contractors. The implications and reasons for this reversal require further scrutiny and discussion. To understand the historical implications to GWOT, a more in-depth examination of each period is essential.

American Revolution: Foundation For Battlefield Contracting

The first time period is the American Revolution, which requires the most comprehensive examination and study. On the surface it may appear that the U.S military was not that dependent upon battlefield contractors. This is simply not the case. Often overlooked, the Colonials relied

heavily upon contractors to prosecute their war against England. In fact, oddly enough, the American Revolution is the closest the U.S has ever gotten to the ideal "business concept" of outsourcing all military functions with the exception of those that directly relate to core activities, such as actual combat. Therefore, the American Revolution provides the best examples of the benefits and dangers associated with contractors. It also serves as a good starting point to show the evolving trends in American outsourcing. The early American period, infact, represents the preeminent historical model in which to understand the effect of outsourcing and battlefield contractors on military operations. Its application to future operational environments, such as GWOT, is paramount.

To appreciate the situation facing the Colonials, an understanding of the operational environment is critical. During the rebellion against England, the Americans had to create a military from scratch. Lacking the money, infrastructure, equipment, supplies, technical expertise, and training, the colonial military was dependent upon contractors to provide the most basic sustaiment and logistical support. This included food, transportation, shelter, maintenance, military equipment, ammunition, guns, clothing, and other similar logistical functions. The new Colonial government did not have the funds, experience, or time to create its own military infrastructure to handle all of these functions. Therefore, out of necessity, not out of choice, an extremely close relationship between the American military and private contractors developed.

The British were also faced with a somewhat similar situation. Prior to the start of the war, the British had been reliant upon contractors to provide logistical support, especially on land. With a long tradition of relying upon contractors to provide logistical support, they employed contractors to provide transportation, food, supplies, etc. When operating near the water, the British Army had fairly good logistical support, which was provided by the Royal Navy. With a large navy and control of the sea, the British were able to maintain a logistical lifeline to England. However, this lifeline was stretched when forces moved further inland, because (like the Americans) they lacked the necessary wagons, horses, and drivers to provide sustainment. To

solve this land transportation problem, the British utilized battlefield contractors when possible, or resorted to impressments and seizure of transportation assets if no other possibility existed.

Unfortunately for the British, dependence on battlefield contractors, who were not always reliable, ultimately played a significant role in deciding the outcome of the American Revolution. General John Burgoyne's surrender of British forces at Saratoga, New York is widely acknowledged as the turning point of the war. Although Burgoyne made several tactical errors and his visualization of the battlefield was poor, the major cause for his defeat was a failure of logistics.[56] A closer look at the logistics failure reveals a breakdown in contractor support. In the fall of 1777, Burgoyne depended upon Canadian contractors to provide drivers, horses, and wagons for his campaign into New York from Canada.

During the preparation for the New York campaign, Burgoyne had expected contractors to provide the necessary transportation assets. Additionally, he expected Canadian corvees, farm laborers, to be used to carry supplies.[57] Burgoyne assumed that he could rely upon contractors and the corvee system to meet his transportation needs. Although contracts had been arranged to provide these assets, when push came to shove, the contractors failed to provide even one-third of what was initially agreed upon. Most of the horses and wagons never showed up, and the few drivers that did, eventually deserted.[58] Burgoyne had incorrectly placed his faith in the contractor system for supplementing his transportation network. Although the system had been reliable in the past, it had failed at a decisive point in the Revolutionary War at Saratoga. The British had the money and were willing to adequately pay for the utilization of their services. It is possible that the Canadians were unwilling to expend their resources in the United States, or that the risk of

[56] James A Huston, *Logistics of Liberty: American Services of Supply in the Revolutionary War and After* (Newark: University of Delaware Press, 1991), 91-103.

[57] Author R. Bowler, *Logistics and the Failure of the British Army in North America, 1775-1783* (Princeton, N.J.: Princeton, 1975), 225-30.

[58] James A. Huston, *The Sinews of War: Army Logistics 1775-1953* (Washington D.C.: Office of the Chief of Military History, 1966), 51- 52.

getting the equipment back was too great. The exact reason may never be fully known, but the outcome of their actions is clear.

Burgoyne did, however, have a branch plan to account for a possible disruption in transportation services. He planned to continue the campaign, and make up for transportation assets by conducting raids along the way. Raids were conducted into Vermont in search of wagons, horses, and oxen with little success. Due to an Americans scorched earth policy, few transportation assets were found.

At the Battle of Saratoga, Burgoyne found himself in an extremely bad situation. With his logistical supply line stretched, his supplies running low, and his forces becoming surrounded, Burgoyne decided to surrender. His surrender had immediate impacts on the American Revolution. The French, who had remained largely on the sidelines, recognized the new rebel government, and joined the Americans in a formal alliance. The King of England expressed his dissatisfaction, and replaced General William Howe, who was commander-in-chief of all British army forces in America, with General Henry Clinton. Understanding the lack of British organic assets and the unreliability of battlefield contractors in providing logistical support on land, Clinton firmly believed that British forces should operate as close as possible to the sea in which their sustainment could be maintained by their naval fleet. General Charles Cornwallis, Clinton's subordinate, did not follow this strategy in his movement of British forces from Charleston eventually to Yorktown, the location in which the British finally surrendered, and the war ended. Unable to maintain sustainment from the land, and cut-off from the sea by French ships at Yorktown, Cornwallis had little choice but to surrender; much in the same way that Burgoyne was forced to at Saratoga.

The Colonial experience with battlefield contractors was not much better than that of the British. Initially, the war was anticipated to be relatively short, and individual militiamen were responsible for bringing their own weapons, food, and horses. However, as it became apparent that the war would be long, and that the British would not accept the new government, the

Americans had to develop a more robust method of logistical sustainment. This would primarily involve contractors on the battlefield. On 3 July 1775, George Washington officially took command of the Continental Army, which numbered about 17,000. Almost immediately the problem of supplying and sustaining so large a force became a critical issue. Recognizing the problem as well, the Second Continental Congress immediately authorized the appointment of the first Quartermaster General, who was Major Thomas Mifflin, and the first Commissary General of Stores and Purchases, who was Joseph Trumbull, on 19 July 1775.

To meet the logistical demands, Mifflin and Trumbull first used a commissariat system that involved the direct purchase of supplies and services from private citizens and companies. This system used both civilian and military agents to make the purchases. Although there were some initial successes, the commissariat and open purchase system, which depended upon civilian battlefield services and goods, soon led to crises in supply and transportation that almost caused the Americans to lose the war. The most critical failure was supply line transportation. This involved the hiring of privately owned wagons and civilian drivers to haul supplies from posts and magazines along main supply routes (MSRs) to military encampments. Although quartermasters maintained some government owned teams, the vast majority of supplies, forage, and stores depended upon these contractors, who were paid a fixed rate per day for transportation.[59]

Despite a surplus of food, civilian drivers, wagons, and horses in the Colonies, George Washington's troops almost starved to death at Valley Forge and Morristown because of a lack of contractor support. On 23 December 1777 Washington in a letter to the President of the Congress said that his army at Valley Forge had been left to "starve, disperse, or dissolve, in order to obtain

[59] Erna Risch, *Quartermaster Support of the Army 1775-1939* (Washington D.C.: Center of Military History, 1989), p 13-37; Erna Risch, *Supplying Washington's Army* (Washington, D.C.: Center of Military History, 1981), 64-96.

subsistence…"[60] The situation at Morristown was not than much better. With food running out at Morristown on 28 May 1780, troops from Connecticut threatened to mutiny, and were barely stopped from going into the countryside in search of their own food. Later that day Washington, realizing the possibility of a general mutiny over the food supply and transportation problems, summed up the situation in the following letter to Joseph Reed, president of the Executive Council of Pennsylvania:

> "All of our departments, all of our operations are at a stand, and unless a system very different from that which has for a long time prevailed be immediately adopted throughout the states our affairs must soon become desperate beyond the possibility of recovery… Indeed I have almost ceased hope. The country in general is in a state of insensibility and indifference to its interests, that I dare not flatter myself with any change for the better….
>
> This is a decisive moment; one of the most, I will go further and say the most, important America has seen. ….
>
> The matter is reduced to a point. Either Pennsylvania must give us all the aid we ask of her, or we can undertake nothing. We must renounce every idea of cooperation, and must confess to our allies that we look wholly to them for our safety. This will be a state of humiliation and bitterness against which the feelings of every good American ought to revolt… God grant we may be properly impressed with the consequences… The crisis in every point of view is extraordinary and extraordinary expedients are necessary. I am decided on that point."[61]

Operating in its own home territory and fighting a war in which much of the populace approved, one would think that the Continental Army would be in the ideal situation to receive unwavering support from local contractors and citizens in providing logistics on the battlefield. This would seem to be the best imaginable situation in which to utilize contractors; however, as it turns out, it was clearly not. Although patriotic and loyal to the American cause for freedom, the Colonial population's desire to make money was greater; even over the defeat of their army and their political goals. Money was the driving factor.

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[60] Letter of General George Washington to the President of the Congress, dated 23 December 1777 in John C. Fizpatrik, ed., *The Writings of George Washington from the Original Manusrcipt Sources, 1745-1799*, vol 10 (Washington D.C, 1933), 192-198. Reproduced in Charles R. Shrader, ed, *United States Army Logistics 1775-1992 An Anology (*Washington D.C. Government Printing Office, Center for Military Histroy, 1997), 75-79.

[61] Huston, *Sinews of War, p.* 66-67; Fitzpatrick, *The Writings of George Washington,* XVIII, 434-39.

Lacking the ability to impose and in some cases collect the necessary taxes, the Continental Congress had severely limited finances.[62] To control spending and prices, Congress had set a fixed rate of thirty shillings for the contracting of a wagon, four horses, and a driver. The going commercial rate was much higher, around three to four pounds, and many farmers simply refused to provide transportation such low cost. In fact it was even difficult to find drivers who would accept the fixed rate, since most expected payment of at least forty shillings a day. Those drivers that did accept the lower wages were not reliable, often abandoning wagons enroute.[63] Although purchasing agents were sometimes able to arrange for the procurement of food, along with transportation from local farmers, more often than not, the food, wagons, drivers, and horses never reached their intended military destination. If the farmers could find other clients, who were willing to pay more money, the wagons were usually diverted to those locations. The near starvation of Washington's troops at Valley Forge in the winter of 1777-1778 was the outcome of this lack of support. Surprisingly, the ability to entice contractors to support the military became even worse by 1780. High inflation had led to a downward devaluation of the American currency. At Morristown, wagon drivers, for example, had to be paid about twenty pounds a day. The cost of food, supplies, manual construction labor, and other contracting services skyrocketed as well. The ability of the military to find reliable battlefield contractors reached a new low.

Unable to hire wagons the military attempted to use impressment as a possible solution. This tactic normally failed. At Valley Forge, for example, desperation led to a policy of impressment of wagon teams. However, rather than submitting, most Pennsylvania residents reacted by concealing their wagons.[64] Unwilling to accept the low reimbursement, farmers and other contractors did everything in their power to thwart impressment. In June 1780, while trying

[62] Huston, *Logistics of Liberty*, 91-103.
[63] Huston, *Sinews of War*, 61.
[64] Risch, *Supplying Washington's Army*, 83.

to impress enough teams to transport flour from Trenton to New Windsor, New York, Washington was told that the number of reported wagon teams in Lancaster County had dropped from 1,620 to only 370.[65] Many farmers had broken up their teams rather than accept the low wages allowed by Congress.

Mifflin had recognized the unreliability of civilian contractors, and the disappointing results of impressment early in the war. Although he lacked the funds and resources to solve the supply transportation requirements, which have already been mentioned, he did mitigate some of the problems involved in the transportation of troops, baggage, ammunition, and equipment in the field. In 1776 he established a Wagon Department, and sought funds from Congress to purchase organic assets for field transportation. Initially, he requested the purchase of 200 wagons, with four horses; 50 ox teams, with two oxen; 50 drays, with one horse. Agreeing with his request, Congress gave him 300,000 dollars to procure these wagons, animals and other supplies he deemed necessary.[66] As military operational maneuvers became hindered by unreliable civilian transportation, Congress authorized the purchase of additional artillery wagons, and other field transportation requirements, which were divided among the various battalions. Although the Wagon Department was never able to provide enough organic assets for all required field transportation, it was a step in the right direction. However, despite success in procuring the field assets, the quartermasters could never find enough drivers because of the low wages offered. Attempts to establish an enlisted corps of wagoners were unsuccessful, receiving only minimal support by Congress. Operations would often come to a standstill as teams sat idle, because of a lack of drivers. To resolve the driver issue, Mifflin proposed using soldiers. George Washington, believing that soldiers should only be used in combat roles, was not supportive of this idea, and only agreed to their use in dire situations.

[65] Ibid., 88.
[66] Ibid., 67-66.

The British, on the other hand, were doing much better in terms of contractor support. While the Americans were suffering at Valley Forge and Morristown, the British were able to maintain a fairly comfortable lifestyle in places like Philadelphia, and other occupied New England and Mid-Atlantic cities. With the gold and hard currency to pay farmers and others for their logistical services, contractor support was more reliable for the British. The actions of these American contractors provide a valuable historical lesson about man's external motivation, and the unreliability of his actions when money is involved. This also supports the theory that civilian patriotism can be overruled by whoever can pay the most.

With the Commissary system heading toward total collapse by 1781, Congress began to look at other methods in which to procure contractors to support the troops. Robert Morris, Superintendent of Finance, took the lead in this effort by helping to institute a more formalized long-term contract system for the military. Morris saw the answer to the problem as one involving economies of scale. Large contractors, with their own subcontractors, would be given the responsibility of provisioning the army. The concept of open competitive bidding to reduce costs, and increase efficiency was used. The ad hoc system in which purchasing agents and Congress determined the daily and monthly rates that individual farmers and contractors were paid for their services, was replaced with a large-scale contractual system that stressed the lowest bidder. Contracts were to provide for most logistical support, which included subsistence, food, forage, and wood, for troops both at quarters and on field maneuvers. Since delivery and transportation was also included in the contracts, the need to hire drivers and wagons was eliminated. Contracts were also extended to construction and other services. No longer would artisans, for example, be hired for the day or month, but instead would be paid for each completed job.[67]

Following the implementation of the formalized contracting system, the commissaries along with their purchasing agents were disbanded. Morris closed many of the posts and

[67] Risch, *Quartermaster support of the Army 1775-1939*, 72.

magazines, and reduced the size of the Quartermaster Department. As predicted, efficiency and cost savings occurred. However, he noted that the entire system depended upon the honesty and integrity of the contractors not to defraud the government.[68] Many of today's outsourcing advocates would praise Morris's implementation, because it represents an apex of American outsourcing and utilization of contractors on the battlefield. Morris's desire to resolve Congress's dire financial situation had led to probably the most efficient form of battlefield contracting. The system was so efficient that it had little supervision, and no back up plan for failure. The contracts issued were far more extensive than those under our current LOGCAP program in GWOT. With the elimination of the posts and magazines, and with the reduction of what little supply infrastructure existed, the military became totally dependent upon the individual contractor to fulfill the contract.

Initial excitement for the new system quickly turned to disappointment by many officers in the army. Although the troops were fed better than under the Commissary system, the military soon found itself beholden to the contractors, who at times were unscrupulous, greedy, and unreliable. In 1781 the first major contract was issued to Comfort Sands, a well-known businessman and a prominent member of the Whig Party. Comfort Sands and Company was the lowest bidder for a contract to supply provisions to West Point and its dependencies. Almost immediately problems arose concerning the contract. Sands had limited the number of locations issuing provisions, requiring the troops to travel several miles to receive supplies. Despite objections over the distances, Sands refused to modify the contract. Moreover, complaints of spoiled provisions persisted with little response. Emergency supplies were not maintained, and many officers felt that the government was being cheated, and the supply system was failing. It became readily apparent to Washington that Sands was more concerned with profit than with

[68] Risch, *Supplying Washington's Army*, 252.

taking care of the troops. This became the military's first experience with poorly worded contracts leading to disappointing results with no possible recourse.

Contracts for moving the army were divided among several contractors, which also included Comfort Sands. Despite the hope for competitive bidding, Morris found that the major contractors were often in collusion with each other, operating in cooperation against the government. Disputes over late penalties severely diminished the initial projected cost savings. With Cornwallis's surrender and the war drawing to a close, the contract system never had to perform in providing support for a moving army. Therefore, it is hard to evaluate its effectiveness, because it remained largely untested in combat situations. By the end of the war, unanswered questions concerning the legal status of battlefield contractors and security issues, which still remain issues of contention in GWOT, were also present. General Heath, for instance, raised the first objections concerning the legal status and security risk of the issuing contractors. In order to issue the provisions, contractors required accurate information concerning personnel numbers and disposition. The issuing contractors were considered a possible security risk. Moreover, since they were not subject to a formal court martial, officers had little ability to discipline them.

Post American Revolution: Critical Examination

The second time period commences at the end of the American Revolution, and closes with the beginning of the Civil War. This period is characterized by a slow transition away from total dependence on battlefield contractors for logistics and supply. Immediately after the Revolution, Morris's ideas of utilizing contractors for support and contingencies had taken root. Even the office of the Quartermaster General was formally disbanded by 1785. The military was entirely reliant upon contractors for battlefield support. The logistical lessons learned in the Revolution about battlefield contractors were quickly forgotten. Although the contractor system had not shown whether it was combat effective during the Revolution, few questions were raised

about its reliability. Contractors were seen as a way to increase efficiency and save money. These same arguments are made about our current outsourcing policies in GWOT.

However, during this period, a series of data points emerges that clearly shows some of the problems associated with battlefield contractors. Although the data points, analyzed one at a time, are rather insignificant, the combination of these points, which occurred over time, changed the military's perception of battlefield contractors. It led to a movement away from contractors, and a desire to rely upon organic assets and personnel for logistical support on the battlefield. These points form the basis for an evolutionary change in the overall relationships between the military and their contractors that were forged by Morris in the Revolution. These points are clustered around three specific combat events, which are the early frontier Indian wars of the late 18thcentury, the War of 1812, and the Mexican War in 1845.

The military expeditions against the Indians in the Northwest provided the first set of data points. A series of defeats at the hands of the Indians quickly revealed some of the problems associated with contractors. Col Josiah Harmar's expedition into Indiana was the first combat test for the new system. The results were not impressive. After Harmar's expedition was attacked and defeated at Fort Wayne, the contractor, Elliott and Williams (responsible for providing provisions for all frontier troops), had deliberately allowed a large number of the convoy horses to be lost during the campaign in order to charge exorbitant compensation rates for their loss. Although poor training and a lack of armament played prominent roles in the final defeat, questions were raised concerning the honesty, integrity, and motivation of the contractor. The following expedition under Major General Arthur St. Clair did not fair much better. Logistical problems and negligence by the contractor helped delay the expedition until late September, and by that time, frost had killed most of the forage for the horses. In an effort to stem the string of failures, Major General Anthony Wayne was assigned command of the next expedition. Almost immediately, he was at odds with the contractor, who lacked the provisions and transportation necessary to support the campaign. Predicting a drop in commodities prices, the contractor had purchased only

enough food for peacetime operations. The desire to maximize profit became a driving factor in the contractor's decisions, especially in terms of waiting as long as possible to purchase provisions. This also included their transportation assets, which were well below what was required. The situation became even worse when the contractor lost 70 horses in an Indian attack on his convoy. When called upon to provide support at short notice, the contractor was, therefore, unable to fulfill the delivery requirements. In response to the logistical shortfalls, Wayne purchased his own pack & wagon horses and oxen. He charged the purchase to the contractor. His frustration with the contractor over logistical support continued throughout the campaign. Although in the end, he did finally achieve a victory against the Indians, it was in spite of the poor services provided by the contractor. By the end of the campaign, Wayne advocated that battlefield contractors be replaced with a new system.

The War of 1812 provides the next set of data points. Throughout the war, there was criticism of the contractor system. On the battlefield, contractors were responsible for providing subsistence and transportation to the troops. As in the Indian wars, problems with contractor support became immediately apparent. Contractor unreliability and failure became rampant. Brigadier General William Hull, who commanded troops along the Great Lakes, for example, relied upon a contractor named Augustus Porter for supplying his troops[69] However, Porter lacked enough boats and feared that the British would seize those that he had. He quickly defaulted on his contract. This was just the first default of many during the War of 1812. Recognizing that a problem existed, Congress changed the contractor system on March 1813 to allow the President to appoint special commissaries or to designate any officer from the Quartermaster's Department to purchase and distribute supplies when contractors failed.[70] There were also questions raised concerning the loyalty of the contractors themselves. As in the

[69] Eustis to Porter, 15 June 1812, *Documentary History of the Campaigns on the Niagara Frontier in 1812*, 8 vols, III (Welland, Ont., 1896-1907), 68. In Risch, *Quartermaster Support of the Army 1775-1939*, 157.

[70] Risch, *Quartermaster Support of the Army 1775-1939*, 143.

Revolutionary War, the British often had an easier time procuring supplies and their delivery than did the Americans. In 1814 General Winfield Scott wrote:

> "In time of war contractors may betray an army; they are not confidential and responsible agents appointed by the government. The principle only is known to the war office, and therefore may be supposed to be free from this objection; but his deputies and issuing agents are appointed without the concurrence or knowledge of the general or the government. The deputies or issuing agents are necessarily as well acquainted with the numerical strength of the army to which they are attached as the adjutant-general himself. For a bribe they may communicate this intelligence to the enemy, or fail to make issues at some critical moment, and thus defeat the best views and hopes of the commander in chief. The present mode of subsisting our armies puts the contractor above the general. If a contractor corresponds with the enemy, he can only be tried by the civil courts of the United States as in the case of other persons charged with treason (courts-martial having decided that contractors do not come within the meaning of the sixtieth article of the Rules and Articles of War); and if a contractor fails to make issues, he can only be punished by civil actions. I speak of cases arising within the limits of the United States. In the enemy's country I suppose a general who knows his duty would not fail to hang a contractor who should, by guilty neglect or corruption, bring serious disaster upon the army…."[71]

By the end of the war, Congress authorized the military to replace the contract system with the commissary system, as soon as the current contracts expired. The Subsistence Department was also re-established. The Secretary of War, John C. Calhoun wrote:

> "The defects of the mere contract system are so universally acknowledged by those who have experienced its operation in the late war [War of 1812], that it cannot be necessary to make many observations in relation to it. Nothing can appear more absurd than that the success of the most important military operations, on which the very fate of the country may depend, should ultimately rest on men who are subject to no military responsibility, and on whom there is no other hold than the penalty of a bond. When we add to this observation that it is often the interest of a contractor to fail at the most critical juncture, when the means of supply become the most expensive, it seems strange that the system should have been continued for a single campaign.[72]

By the Mexican War in 1845, the military had made some progress in decreasing its dependency on contractors. The lessons learned from the War of 1812 had not been completely forgotten. Winfield Scott became head of the Army, and was chosen to lead the campaigns into Mexico. For the past twenty-eight years, Brigadier General Thomas S. Jesup had also been

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[71] Ltr of Gen Scott, Incl with Ltr, Monroe to House Comm on Mil Affairs, 23 December 1814, *American State papers, Military Affairs,* I, 600. In Huston, *The Sinews of War: 1775-1953*, 105.

[72] *American State Papers, Military Affairs,* I, p. 635. In Huston, *The Sinews of War*, 113.

Quartermaster General. However, lacking adequate funds, expertise, and personnel, the military still relied upon contractors to conduct the most basic of operations. Contractors were used in a similar manner to those in the past, with the exception of a rise in contracts for steamboat transportation. Many of the same problems re-emerged. Nevertheless, with more direct control through the commissaries, subsistence was not as much an issue as it had been during the War of 1812. The military still had difficulty in hiring reliable personnel for battlefield services. Civilians were contracted at exorbitant wages as teamsters, mechanics, day labors, etc. Most refused to work past six months, and those that did, usually did not renew their contract.[73] Many contractors were also dismissed for being incompetent, and untrained. Strikes became more common. The military had to negotiate with teamsters in Texas after strikes delayed the movement of supplies, which were needed to support General Taylor's invasion of Mexico. Colonel Trueman Cross, assigned to General Taylor's headquarters, was forced to agree to the strikers' demands.[74] Cross wrote to Jesup that the current system allowed the military to be held hostage to the whims of hired drivers who might quit at any time, or extort additional money by striking. He felt that contractors could paralyze the Army's movement, and that an enlisted corps of drivers was urgently needed. [75] Transportation and logistical problems, therefore, persisted throughout the Mexican War.

To resolve these problems, Jesup proposed the formation of an enlisted Quartermaster Corps to Congress. As military personnel, they would be subject to the discipline and regulations of the military. Jesup believed that the enlistment of such a corps would improve the Quartermaster Department's efficiency by a factor of two, and reduce the cost of labor by one

[73] Huston, *The Sinews of War*, 132.
[74] Cross to Jesup, 16 Jan 1846, House *Ex. Doc* No. 60, 649.
[75] Risch, *Quartermaster Support of the Army 1775-1939*, 243.

third during the war.[76] Congress did not support the formation of such a corps. Despite contractor support issues, the Americans easily won the war, because the Mexicans had even more difficulties with their own logistics and battlefield services. Yet, the war was a starting point for the initial development of a more professional logistical corps, which would enable the army to become less reliant on contractors.

After the Mexican War ended, Jesup, still filling the role as Quartermaster General, continued to unsuccessfully lobby Congress to pass legislation for the formation of an enlisted Quartermaster Corps. He intended for the corps to serve two to three years, and be subject to military law. It included not only all teamsters, but also all "mechanics, laborers, boatman, farriers, and other personnel that the Department had to hire."[77] If enacted, the corps would have provided a pool of experienced and well-trained personnel from which the military could draw support during routine operations, contingencies, or war. This was not to occur. Unable to hire experienced drivers at a reasonable cost, or to convince Congress to form a Quartermaster Corps, Jesup saw no other option but to use private contractors to carry the Army's supplies along the Santa Fe and Oregon Trails in 1850. Due to declining postwar budgets, Jesup was also forced to reduce costs and economize. He had already determined that private contractors could move supplies at a much lower cost than the government. Civilian competition for transportation services along the trails existed, and the risk of Indian attack was minimal. Russell, Majors & Waddell, operating out of Leavenworth, Kansas became the Army's primary transportation contractor for freight and supplies heading westward. Under the circumstances, Russell, Majors & Waddell drastically lowered the Army's transportation costs, and surprisingly their services were both reliable and consistent. Contracts were also in place with various steamboat and naval transport companies. By 1858 contracts were being made with railroads to transport supplies. The

[76] Rpt, Quartermaster General, 24 November 1847, House Exec Doc 8, 30th Cong., 1st sess., p 548; Rpt, Secretary of War, 2 December 1847, House Exec Doc 8, 30th Cong., 1st sess., p. 64-65. In Huston, *Sinews of War*, 133.

[77] Risch, *Quartermaster Support of the Army 1775-1939*, 314.

Pacific Railroad Company had exclusive rights to move Army supplies by rail or steamboat from Saint Louis to Fort Leavenworth.[78] With low risk, high profits, and a relative abundance of competing contractors, the contracting system worked fairly well. The second period ends in a transitional era of stability and peace, and one in which the desire to economize led to a wave of renewed contracting.

Civil War to Pre-World War I: Utilization Reform

With the start of the Civil War, the third period commences. This period stretches from the Civil War to the beginning of World War I. The Civil War is the first truly modern war fought by the U.S. military. Unlike past wars and campaigns, which involved only a small number of troops, the Civil War was the first "total war" that required a greater mobilization of the entire country, both North and South. This mobilization included military, industrial, and economic resources. At the start of the war, the U.S. was unprepared for fighting on that scale or magnitude. Although initially expected to be a short war by both the Confederacy and Union, it turned out to be long, bloody, and costly. Because of the total nature of the war, contracting was also different from the past.

With a large number of personnel in uniform, contractors on the battlefield were used predominately to supplement the forces. The military was not as reliant upon them for support as in the past. Although Congress would not authorize the formation of a Quartermaster Corps, the Union had enough soldiers by the end of the war to replace most of the hired teamsters with military personnel, who were more reliable and would not "swear back".[79] As in the past, the Union had a hard time hiring and retaining quality teamsters. Even exceptions from the draft and military service failed to attract a sufficient number of civilian teamsters. Because of the large number of personnel in uniform, many of these issues could be resolved by utilizing troops.

[78] House Ex. *Doc.* No 99, 1st sess., p 5, s.n. 958 (Jesup to Floyd, 6 Apr 1858); In Risch, *Quartermaster Support of the Army 1775-1939,* 328.

[79] Huston, *The Sinews of War,* 170.

However, many services could only be filled with civilian personnel. The biggest issue was with services that required specialized technical skills, such as mechanics, masons, engineers, etc. Congress in 1861 authorized the Corps of Engineers to have additional companies, but this was not nearly enough to handle the need. The establishment of a Quartermaster Corps would have solved this problem.

Contracting fraud and overcharging was common in the Civil War, especially during the first few years of the war. Unscrupulous contractors, seeking to maximize profit, took advantage of the Union's poor supervision of contracts. In several specific cases, troops did receive poor service and inferior goods. Because of the scope of the war, many of these problems became more apparent than in any other prior period in American history. Congress took special interest in the fraud, and set in place measures attempting to hold contractors accountable. Nevertheless, training for contracting officers was deficient, and accountability of government purchasing agents was not always enforced.

Although the trend had started in the Mexican War, changes in transportation technology forced the Union to utilize railroads and steamboats, which brought about a whole new dynamic to battlefield contracting. President Abraham Lincoln and Congress were concerned that civilian railroads were not fully supporting the war effort. In January 1862 Congress passed legislation giving the military, if necessary, authority to take control over all railroads, including locomotives, cars, tracks, employees, and other assets, in the United States.[80] Colonel Daniel C. McCallum was appointed military director and superintendent of railroads. Although the right to take control of railroad operations was executed in only a few cases, such as during a miner's strike at the Philadelphia and Reading Railroad, it was important in ensuring that railroads would follow military policy. While civilian companies continued to operate most railroads, the military

[80] Rpt, Brg Gen D.C. McCallum to Maj Gen M.C. Meigs, QMG, 26 May 1866, *Official Records,* ser. iii, V, 974-1005; In Huston, *Sinews of War*, 200.

did operate many lines, using civilians, in Confederate areas, and in areas where the military constructed its own lines to support combat.

In addition to railroads, the North also heavily relied upon steamboats, barges, and river transportation. Although initially the military used chartered vessels, it soon became apparent that contracting out to small private transport companies would be more economical. In this case, the contracting worked well. With a large number of small companies willing to provide water transportation, competition worked to lower the price, and ensure quality. Although steamboat contractors were occasionally shot at by Confederate troops, the risk was normally minimal. It was, however, a bit higher on the Mississippi and Tennessee Rivers. The Union Navy controlled the seas, and Northern gunboats added protection to the contractors as they operated on the rivers. With the fall of Vicksburg and the securing of the Mississippi by General Grant, contractor risk was further reduced.

Looking at previous wars, battlefield contractors were more effective in the Civil War than in the past. Why was the Civil War different? Contractor problems still existed, such as unreliability, fraud, and poor service, but in this war the Union had employed enough redundant resources and assets to fill in the gaps when contractors failed or defaulted. The military was not as reliant on contractors for providing support, subsistence, and transportation. Following the South's surrender, this situation changed. Congress reduced the military's force strength and budget. Although some of the logistical infrastructure for battlefield services was kept, much was eliminated. Lacking an enlisted Quartermaster Corps, the army once again became predominantly reliant upon battlefield contractors for support.

With the drawdown after the Civil War, the army relied totally upon battlefield contractors for transportation of supplies. As had been done prior to the war, the military turned to freighting companies to carry supplies to the frontier outposts. However, by 1866 unrest and attacks by the Sioux Indians on frontier roads and forts caused problems. With the increased risk

of Indian attack, many contractors defaulted, and refused to fulfill their contracts.[81] With the Sioux on the warpath, many outlying posts, such as Fort Laramie, Wyoming and Fort Phil Kearney, Nebraska went short of supplies, which became worse during the winter months when it became more difficult to transport supplies. The situation at Kearny was reminiscent of George Washington's troops at Valley Forge.[82] Other posts in Montana, South Dakota, Wyoming, and Montana also suffered, but not to the extent of Fort Phil Kearny. Lacking troops or transportation assets, there was little that the Quartermaster General could do to resolve the situation.

With the Indians finally defeated, and the frontier secure, the military, hoping to economize, adopted the shortsighted view that private contractors would be able to provide most of its support and transport during the next war. By the early 1890s, most of the government's wagon trains had been sold. The Spanish American War in 1898 showed that the army should not have been so quick to place so much faith and trust in contractors. With the military unprepared for war and lacking its own support assets, the war in Cuba did not go as well as anticipated. The hiring of adequate transportation, sea or land, proved difficult, and many of the past problems with contractors resurfaced. Although the U.S won the war, the shortcomings of the Quartermaster's Department and contractor system were revealed and formally documented in the Dodge Commission Report to Congress. The report swayed Congress and the military to take more action to reduce battlefield contractors, and develop its own organic support capabilities. This led to another call to Congress for the establishment of an enlisted Quartermaster Corps. Leading the movement was Secretary of War Elihu Root.

After a long history of inconsistent support by battlefield contractors, Congress finally authorized the establishment of the Quartermaster Corps in 1912. For over a century, the army had advocated the formation of such an enlisted corps of dedicated military support personnel, who fell under military law and discipline, to minimize its dependency on the whims of

[81] Risch, *Quartermaster Support of the Army 1775-1939*, 481.
[82] Ibid..

battlefield contractors. Quartermaster General Jesup's dream of a corps had been realized. Other reforms included the establishment of the Army Transport Service, which would retain its own transport ships making the army less reliant upon commercial vessels. For the first time as well, schools for bakers and cooks were established.

World War I to World War II: Paradigm Shift

The forth period is represented by World Wars I and II. This is an era in which the military provided most of its own battlefield support. The organizational reforms and the establishment of a Quartermaster Corps, which occurred in the last period, made this possible. Battlefield contractors played a minimal role in both wars. The military was no longer as reliant upon contractors for battlefield transportation and support services. Many of the historical problems in using battlefield contractors had been avoided. With a structure in place for support, neither the Army nor Navy was as dependent upon contractors. With full mobilization of the country, the military had sufficient personnel in uniform to handle the majority of the required battlefield support. This does not, however, mean that contractors were not utilized.

World War I is really the first time in American warfare in which the military could provide the bulk of its own support on the battlefield. Major General Johnson Hagood reported that "in the matter of supply the operation of the Quartermaster Department in the Great War [World War I] was not only far superior to anything that we had in any previous war, but, as a rule, throughout the A.E.F. [American Expeditionary Forces] the service was more efficient and more satisfactory to the individual than it had been at home in time of peace."[83] Military personnel provided most of the maintenance, sustainment, food preparation, distribution of supplies, laundry and other related support activities in the European theater of operations. There were few civilians on the frontlines. There were, however, shortages of logistical personnel in the

[83] Ibid., 687.

rear areas. An insufficient number of troop transport vessels from the U.S. prevented a more rapid build-up of forces, and caused many of these shortage problems. To resolve these shortfalls, local civilians were employed to augment the forces. French laborers provided some support in construction, depot operations, railroad & river transportation, and other types of activities. Yet, the majority of the work was still done by military personnel. By 31 October 1918 the AEF had 1,037,000 troops on the frontlines, 855,600 troops (includes service support) in the rear areas, and about 35,000 civilian workers.[84]

Although contractors were not as prevalent on the European battlefield, they did play a significant role in getting the troops to Europe. The most crucial aspect of this support involved transportation. U.S commercial railways were needed to move troops, equipment, and supplies that were bound for Europe to ports of embarkation along the Atlantic and Gulf coasts. Civilian laborers were also needed to assist in the loading of transport ships, which in most cases were chartered or contracted. On 11 April 1917, U.S railroad executives pledged to coordinate their efforts with the military in order to maximize the efficiency of the railway system.[85] Despite these assurances, the railways became heavily congested, ineffective, and inefficient. Like Lincoln in the Civil War, President Wilson decided to take action against the railroads. On 26 December 1917, Wilson issued a proclamation taking possession and control of all U.S railroads. He stated:

> "This is a war of resources no less than of men, perhaps even more than of men, and it is necessary for complete mobilization of our resources that the transportation systems of the country should be organized and employed under a single authority and a simplified method of coordination which have not proved possible under private management and control."[86]

Although the railroads were not totally responsible for all of the problems, they were unable to produce the necessary results without government intervention, coordination, and control.

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[84] Huston, *The Sinews of War*, 385.
[85] Ibid., 340.
[86] Ibid., 344-345.

In addition to the railroads, contractors were also heavily involved in transporting troops and military supplies across the Atlantic. From the beginning of World War I, the Army had problems obtaining enough vessels and crews to transport its supplies and troops to Europe. In December of 1917 the Army could find only one-quarter of the required shipping (estimated at 1,920,000 gross registered tons in troop transports, and 1,589,000 gross tons in cargo shipping) necessary to support a one million man force in France.[87] Until the effective implementation of the convoy system in late 1917, German submarines made the ocean transportation situation even worse. The Army was totally reliant upon civilian crews to operate Army-owned ships and those that it chartered. Prior to the war, the Army had unsuccessfully tried to replace civilian crews with commissioned officers and enlisted personnel. Once the war started, the reliability of many of these contracted crews became an issue. Dr. James A. Huston, a well-known military historian, stated:

> "Trouble arose with the civilian crews almost coincident with the beginning of wartime operations. Seaman left Army ships to take higher paying jobs on other vessels; at critical times they sometimes refused to sail until they were granted a wage increase. A further difficulty existed in that civilian crews tended to be less exact in their discipline. Moreover, civilian-operated ships in convoy might be more likely to disclose their presence to the enemy, and to be less precise in following the rules for maneuvering ships in close formation. In these circumstances, in the summer of 1917 the Army gave up its prerogative of operating its own troop transports to the Navy's Cruiser and Transport Force, which then not only organized, conducted, and commanded the troops convoys, but also provided officers and crews for the ships. …
>
> For a time the Army continued to operate its own cargo ships with civilian crews. Then in September 1917 no crew could be found for a ship that was loaded and scheduled to join a convoy, and the Navy produced a crew from its ranks. After this happened several more times during the next weeks, in December the Army entered into an agreement with the Navy which provided that the Navy would furnish crews for cargo and animals ships as well as for troop transports."[88]

However, to keep from being totally dependent upon the Navy, the Army continued to operate a small number of civilian chartered vessels that were privately owned and operated. This did not detract from the Army's position that ocean transportation should be formally militarized, and not

[87] Ibid., 350.
[88] Ibid., 353-353.

left to civilian crews and contractors. Overall, when comparing their utilization to previous wars, battlefield contractors in World War I did not play as significant of a role.

This trend toward self-reliance and minimal utilization of contractors on the battlefield continued in World War II. During the war, military personnel took over many jobs previously performed by contractors. Militarization of contracted work became the norm. This included more complex functions, such as ordnance repair facilities in the area of operations (AOR). J. G. White Engineering Corps, General Motors, and Ford, who had been given the contract in 1941 to construct and operate ordnance storage and repair facilities in North Africa and Iran, were replaced with experienced Army personnel when it was shown that the contractors lacked the experience and reliability.[89] Other contracted construction work (road building, railway improvements, port upgrades, repair facilities, etc) in the Middle East, North Africa, and India were also transferred to the military. On 14 February 1942 the War Department directed that "contract activities overseas should be terminated within six months and taken over by military organizations and units to be organized in the U.S. and sent overseas."[90]

One change in the other direction (more reliance on contractors) was the employment of civilian technical representatives (tech reps).[91] Although the U.S. had made strides in replacing most of the battlefield contractors, the highly sophisticated nature of the more modern military equipment required experienced tech reps on the battlefield. Even though they had been used to support railroads and steamboats in the past, their importance had gradually increased by World War II. However, the Navy and Army did establish maintenance schools, such as the Naval Training Center at Great Lakes, to mitigate the need for tech rep support.

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[89] Lida Mayo, *The Ordnance Department: On Beachhead and Battlefront* (Washington, D. C.: Chief of Military History, 1968), 20-21; Shrader, "Contractors on the Battlefield," 6-7.

[90] Richard M Leighton, and Robert W. Coakley, *U.S. Army in World War II: The War Department – Global Logistics and Strategy 1940-1943* (Washington, D.C.: U.S. Government Printing Office, 1955), 506.

[91] Shrader, "Contractors on the Battlefield," 6-7.

Despite the movement to militarize support functions, the military did augment its logistical forces with local labor whenever possible. Shortages of logistical and military support personnel were common in the war. Similar to World War I, civilians were hired to fill the gaps. Longshoreman and civilian laborers, for example, were used in Australia to load supplies at the ports. Civilians were used to perform logistical services at depots and support bases in England. To support the troops as they retook the Philippines in 1945, large numbers of Filipinos were hired as laborers. Many carried supplies over mountainous and jungle terrain. The 129th Infantry alone employed more than one thousand Filipinos in its advance from Lingayen Gulf over mountainous country to Baguio.[92] During Operation Torch in 1942, local labors were employed in North Africa. However, the results were not always satisfactory. After being given a loaded truck and directions for delivery, many Moroccan drivers simply disappeared with their cargos, which were later found scattered on native fishing boats.[93] In some cases, it was impossible to find skilled laborers. On the more primitive islands in the South Pacific, local labor was almost non-existent.[94]

World Wars I and II represent a paradigm shift in how the military operates and perceives itself in relation to battlefield contractors. This shift is both mental and physical. The military's mental model of itself changed from one of contractor dependency to one that required greater "self-sufficiency" on the battlefield. As an organization, the military saw itself as capable of providing its own logistical support. Part of the mental shift could be due to the final realization by military leadership of the importance of reliable logistics, especially in complex environments, such as those found in World War I and II. The shift is also physical. It is shown through the vast

[92] Alvin P. Stauffer, *United States Army in World War II: The Technical Services – The Quartermaster Corps: Operations in the War Against Japan* (Washington, D.C.: U.S. Government Printing Office, 1956), 281.

[93] William F. Ross, and Charles F. Romanus, *United States Army in World War II: The Technical Services – The Quartermaster Corps: Operations in the War Against Germany* (Washington, D.C.: U.S. Government Printing Office, 1965), 52.

[94] Leighton, *Global Logistics and Strategy 1940-1943*, 413.

procurement of its own organic support assets. There is also emphasis in military training involving sustainment, logistical expertise, and maintenance. World Wars I and II are a culmination of this paradigm shift, which had been going on since the Revolutionary War. The shift was slow, but overtime the historical problems and unreliability of battlefield contractors may have taken its toll, and emphasized the need for a more "self-sufficient" organization. The reform movement, discussed in the last period, laid the necessary foundation. The globalization and scale of the two wars also impacted this change.

Korea / Vietnam to the Balkans: Increased Reliance

The last period stretches from the Korean War to just before the commencement of GWOT. During this period, battlefield contractors re-emerged as a critical supplement to military forces. Although the paradigm of military "self-sufficiency" still existed, force structure changes in this period led to increased reliance on contractor support. Initially, battlefield contractors were seen as a means to augment current forces. By the Vietnam War, this view had evolved, and contractors were given mission essential functions, which had been previously performed by only military personnel. The debate on many of these mission essential functions was discussed in Chapter Two. As in past periods, contractors were used to reduce costs, and provide expertise and manpower in areas where the military lacked sufficient personnel. Although the pendulum did not completely swing back to the Revolutionary War, contractors regained much of their position on the battlefield. With some contractor success in Vietnam, the historical problems with battlefield contractors were quickly forgotten. As shown in past periods, this was not the first time that this amnesia occurred.

The Korean War was the initial step toward the return of the military's reliance on contractors. Without full mobilization, the military lacked sufficient personnel. To solve this manpower problem, the military turned to Korean and Japanese civilians during the war. The use of Japanese labor prevented the deployment of an additional 200,000 to 250,000 service troops

from the U.S. This was an estimate made by the Japanese Logistical Command. Japanese contractors provided most of the harbor craft and inland & coastal ships, which included heavy-lift cranes, flattop barges, tugs, etc.[95] Needing additional support, the military also hired 77,000 Koreans for the rear areas, and another 30,000 for the corps. [96] These laborers transported supplies, worked in the ports, etc. However, Korean productivity was limited due to their lack of training and expertise. Additionally, Korean contract prices were so high that the Army resorted to a direct hire policy whenever possible.[97] There were also some contract labor problems in the U.S that directly impacted Korea. In 1953 striking stevedores, for example, refused to load military ships in Honolulu.[98] This forced the Army and Navy to temporarily assign military personnel as stevedores to load ships bound for Korea.

The Vietnam War was a turning point for the current utilization of battlefield contractors. Like the Korean War, there was only a limited mobilization of the military in Vietnam. Despite pressure from the Joint Chiefs of Staff to activate the reserve, President Johnson would not authorize full mobilization.[99] Another problem that limited manpower was the imposed force cap on authorized troops deployed to Vietnam. The number of deployed troops was an especially sensitive political issue for the Johnson Administration. Since contractors were not included in the force caps, they could be added without approval. Lacking the available manpower, the military was once again forced to use contractors to make up the difference.

During the war, contracts were executed for subsistence, repair and utilities services, electrical power generation and distribution, stevedoring, transportation, construction, equipment

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[95] Jack C Fuson,. *Transportation and Logistics - One Man's Story* (Washington D.C.: U.S. Government Printing Press. 1994), 60.

[96] James A. Huston, "Korea and Logistics," *Military Review* 36, No. 2 (February 1957): 18-32. In Charles R. Shrader, *United States Army Logistics 1775-1992* (Washington, DC: U.S. Government Printing Press, Center of Military History, 1997), 587.

[97] Huston, "Korea and Logistics," 18-32; In Shrader, *Army Logistics 1775-1992*, 587.

[98] James A. Huston, *Outpost and Allies: U.S. Army Logistics in the Cold War, 1945-1953* (Toronto: Associated University Press, 1988), 305.

[99] A. J. Langguth, *Our Vietnam: The War 1954-1975* (New York: Simon & Schuster 2000).

maintenance, laundry, and other miscellaneous services.[100] Pacific Architects and Engineers (PAE), with over 24,000 personnel, maintained and operated most of the base camps, and provided "field maintenance and repair parts support for installed equipment such as generators, air conditioners, refrigerators, and pumps, as well as operating the Class IV supply yards for construction materials."[101] By 1965 major transportation contracts were awarded to companies such as Vinnel Corporation, Equipment Inc, Philco Ford, Do Thi Nuong, and Alaskan Barge and Transport Company, because of port congestion problems, and the need to augment organic transport assets during specific operations.[102] In order to maintain the Army's helicopters, contractor personnel were used.[103] Contractors such as Lockheed, Lear Siegler, and Dynalectron provided tech reps for aircraft maintenance, and augmented Army personnel in sheet metal and structural repairs.[104]

Contractors were also heavily involved with construction. A consortium of companies worked on a wide variety of construction projects. Although many were completed without any problems, some critical projects did not go as well as anticipated. Raymond and Morrison-Knudsen, for example, were contracted to construct an airfield at Cam Ranh Bay in 1965. Initially, the construction of the airfield was the highest priority and most immediate concern at Cam Ranh. With an untrained local work force, the Army engineers from the 35th Group aided the contractors by providing a training session for the Vietnamese, who were hired to drive the bulldozers and other heavy earthmoving equipment. The 35th Group also supplied some of its own equipment to augment that used by the contractors. However, when Raymond and Morrison-Knudsen fell behind in construction, and it was decided that they could not meet the agreed deadline for completion, the 35th Group was then assigned to formally assist and bring the project

[100] Lieutenant General Joseph Heiser, *Vietnam Studies: Logistic Support* (Washington D.C.: Center for Military History, 1991), 88.
[101] Heiser, *Vietnam Studies: Logistic Support*, 89.
[102] Ibid., 161-164.
[103] Fuson, *Transportation and Logistics*, 189.
[104] Heiser, *Vietnam Studies: Logistic Support*, 139.

back on schedule.[105] It was not uncommon for Army engineer units in Vietnam to render assistance to contractors in order to meet a deadline.

For many outsourcing proponents, the role of construction contractors has been over-exaggerated while the role of military engineering units has been marginalized. In the early phases of the conflict (before 1965), the military had only a few engineers in Vietnam, and were dependent upon contractors for construction. This changed drastically in 1965. By December of that year, U.S. Army engineer forces in Vietnam had grown in eight months from less than one hundred to over seven thousand, with several thousand more scheduled to arrive in 1966.[106] In 1964 General William C. Westmoreland, who was the senior U.S. commander in South Vietnam, had requested 2,400 engineers and 3,800 logistic troops. The Joint Chiefs noted that a "military capability was needed to supplement that of the construction contractor and to respond to a critical need for military engineers to accomplish work unsuitable for the contractor."[107] Construction contractors in Vietnam were heavily reliant upon local labors that were unskilled and difficult to find. By 1964 contractors had already exhausted the indigenous skilled labor pool, which was extremely small. The remaining labors were predominantly farmers with little technical skills or training. This problem became worse as the magnitude and scope of the construction projects increased in 1965. The issue became so severe that in some cases the South Vietnamese government agreed to relocate civilians in an attempt to rectify the problem. In the Can Ranh Bay area, the government resettled 5,000 refugees and displaced persons to act as a possible labor pool.[108] Although these actions provided the "bodies" to perform the work, it did little to solve the training problem. This also caused difficulties for the Army when it hired local

[105] Robert R. Ploger, *Vietnam Studies: U.S. Army Engineers 1965-1970* (Washington, D.C.: U.S Government Printing Office, 1974), 46-47.
[106] Ibid., 83.
[107] Ibid., 4.
[108] Ibid., 37.

laborers to augment its forces.[109] Many construction projects were also delayed because of a shortage of materials and supplies. The assumption that businesses were more flexible and could respond faster than the military in procuring and obtaining construction materials proved wrong. Both contractor and military supply systems met significant delays (sometimes up to five months) in getting supplies into the country.[110]

The employment of battlefield contractors in Vietnam has become a rallying point for policy makers, who want to increase contractor utilization in current operations. The Joint Logistics Review Board (JLRB) in 1970 further emphasized this view. Lieutenant General Joseph M. Heiser, in a study on the lessons learned from Vietnam, expressed his view that "the use of contractors to augment or supplement the military forces was feasible and workable." This statement says augment or supplement; it does not say "replace" military forces. Contractors in Vietnam did not "replace" military personnel; they augmented the already present capability. Little has been documented on contractor defaults in Vietnam. Does this mean that all the contractors performed exceptionally well in Vietnam, not necessarily so? If contractors defaulted in Vietnam, as in the past conflicts, the repercussions would not have been as severe, because the military was not solely dependant upon them for essential support functions. Historically, contractor defaults and poor performance are usually highlighted and analyzed only when they have a major impact on operations. Huston suggested, for example, that if had not been for the Dodge Commission report, and a group of disgruntled senior officers, many of the logistical and contractor shortfalls in the Spanish-American War would have been ignored and forgotten. Despite its overall positive view of the logistical services, the JLRB felt that Vietnam was not all inclusive, and stated, "It is certain that some future emergencies will develop logistic problems

[109] Ibid., 69.
[110] Ibid., 191.

that did not surface in the Vietnam era."[111] Dr. Charles R. Shrader, another distinguished historian, made the observation that "the use of private contractors to provide services to U.S. troops on the battlefield in Vietnam raised again all of the old questions regarding the international legal status, control and discipline of contractor personnel as well as questions of doctrine, the modifications needed in Army procedures to accommodate contractor operations, and cost effectiveness."[112]

In the period from Vietnam to the present, battlefield contracting evolved to a new stage. At the heart of this evolution were changes to outsourcing policy, which have been discussed in Chapter Two. Economizing, increasing efficiency, and reducing the size and scope of the government were important, especially after the end of the Cold War. Contingency contracting was seen as a method to augment forces. Yet, another change also occurred that influenced contracting. A digital and technological revolution in communications, space, command and control, and weapon systems transpired. These systems became much more complex and sophisticated than in the past. To maintain and repair these systems, technical experts on the battlefield were required at a non-linear growth rate.

Instead of building up its own infrastructure and training uniformed personnel to meet these technological challenges, the military actually went in the other direction and decreased its own internal capabilities to maintain and repair military equipment. The Navy provides some of the best examples of these changes. The Navy decommissioned all but two of its ship tenders in the early 1990s. These large vessels, with a wide variety of repair shops on board and over three hundred specially trained sailors, performed intermediate depot level maintenance. In the past, they had deployed with the battle groups, and provided maintenance to the fleet while underway or anchored in combat zones. The Navy also reduced the size, scope, budget, or in some cases

[111] United States Joint Logistics Review Board, *Logistic Support in the Vietnam Era*, Vol. 1: *A Summary Assessment with Major Findings and Recommendations* (Washington, D.C.: Office of Assistant Secretary of Defense, Installations and Logistics, 1970); In Sharader, *Army Logistics 1775-1993*, 691-699.

[112] Shrader, "Contractors on the Battlefield," 9.

closed most of its shore based Ship Intermediate Maintenance Activities (SIMAs). The SIMAs provided more than maintenance to the ships. They served as a training ground, allowing junior sailors the opportunity to gain valuable repair experience, which could be useful aboard naval vessels once the sailors returned to sea. It also closed many of its naval shipyards, such as Long Beach, Charleston, Philadelphia, and Mare Island Naval Shipyards. Additionally, it decreased the technical and maintenance training for many of its sailors in order to reduce costs and increase efficiency. Moreover, it procured weapons systems, which by design required contractor support. To save money, some systems were purchased without technical diagrams or schematics. The Navy also decommissioned most of its logistics ships (ammunition ships, oilers, tugs, salvage vessels, surveillance ships, etc.) and transferred them to the Military Sea Lift Command, which utilizes paid civilian mariners, and have decreased maintenance and technical repair crews. Combined, these changes led to an increased dependency on contractor tech reps on the battlefield.

The situation is similar in the Army, Air Force and Marine Corps. Like the Navy, the Air Force also closed many of its own maintenance depots. Contractors now perform much of the maintenance and repair on Army helicopters and Air Force fixed wing aircraft. Many of the "high tech" systems in the field have become dependent upon contractor support.

These changes in contractor utilization became readily apparent in Operation Desert Storm in 1992. The GAO estimated that 9,200 contractor employees, and 5,000 U.S. government civilian employees supported the forces in the Gulf. The bulk of these personnel were involved in repairing and maintaining "high tech" systems. [113] Although the contractors performed satisfactorily, there were reliability issues with individual contractors, who voiced concern for their safety and protection, citing the possible use of chemical weapons by Saddam Hussein as a major problem. Local contractors in the Gulf also augmented transportation, subsistence, and

[113] Ibid., 10.

water production. Because the war's duration was so short, a more accurate analysis of battlefield contracting is difficult.

Following Desert Storm, contingency contracting became the method of choice to augment forces for operations, and the need for tech reps continued to increase. The Army took the lead in contingency contracting with the Logistics Civil Augmentation Program (LOGCAP), which was designed to provide logistical and engineering contractor support to contingency operations. [114] LOGCAP was established in 1985 as a means to "(1) preplan for the use of contractor support in contingencies or crises and (2) take advantage of existing civilian resources in the U.S. and overseas to augment active and reserve forces."[115] By 1992 the contract evolved into a single centrally managed worldwide planning and services contract. Kellogg, Brown & Root (KBR), a subsidiary of Halliburton, was the first company to become the principle LOGCAP contractor. The contract was then awarded to Dyncorp in 1997, but was later returned to KBR, who currently holds the contract. Other large logistics support contracts include: the Air Force Contract Augmentation Program (AFCAP) contract; the U.S. Army, Europe Balkans Support (BSC) contract; and the Navy Construction Capabilities (CONCAP) contract. All of these large contracts are still in use today in GWOT. As part of the support contracts, private businesses also became more involved in providing security and force protection for the military. The rise of armed contractors became more common, and their utilization evolved to a higher level of importance.

The contracts issued from the middle to late 1990s reduced costs, though the actual reductions were sometimes not as great as anticipated, and the military's ability to properly monitor the contracts was questioned.[116] They supported a variety of peacekeeping, stability, and

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[114] Department of Army, *AMC PAM 700-30, Logistics Civil Augmentation Program (LOGCAP).*

[115] General Accounting Office, *Contingency Operations: Opportunities to Improve the Logistics Civil Augmentation Program*, GAO/NSIAD-97-63 (Washington, D.C., 11 February 1997), Letter 1.

[116] General Accounting Office, *Contingency Operations: Army Should Do More to Control Contract Cost in the Balkans*, GAO/NSIAD-00-225 (Washington, D.C., 29 September 2000), 1-24; Ibid.

humanitarian operations, such as: Operation Joint Endeavor in Bosnia, operations in Kosovo, and other types of related operations. Overall, the contractors were effective. However, the contractor risk was low. With relatively secure and stable operational environments, the military provided sufficient protection and security. As reiterated by KBR and other contractors in the Balkans, the military was primarily responsible for providing security. What does this mean? Legally, a failure to do so was a possible cause for a "breach of contract"; allowing the contractors a reason to default on their obligations. However, since this was not an issue, the military was spared from dealing with this problem. With the instability, insecurity, and insurgency in GWOT, the military may not be as lucky in the future, and the reliability of the contractors may not be as high.

Historical Summary and Lesson's Learned

American history shows that the reliability of contractors on the battlefield is questionable. Their effectiveness is ambiguous, varies, and subject to interpretation. Although historical examples exist where battlefield contractors were effective, others exist where they were clearly not. In the past, they have failed at critical or decisive points in battles and campaigns, sometimes leading to defeat. Looking at the last period from the Korean War to pre-GWOT, contractors appear effective in supporting military operations. This short-term historical picture paints a more positive image of battlefield contracts. However, examining American history as a whole, starting from the Revolutionary War to the present, a slightly different picture emerges. This picture is much more negative. Although subject to debate, historical evidence suggests that contractors are more likely to fail, and produce disappointing results, than they are to succeed on the battlefield. This is especially true during periods of conflict and war. In periods of relative peace and stability, contractors appear more reliable than they actually are. These misperceptions, however, change once combat starts, and contractors default or produce lower than expected results. Therefore, during interwar periods, a false sense of security, trust, and overconfidence in contractor performance occurs.

In modeling the American historical utilization of battlefield contracting, two intertwined currents are present. The first current, which is a paradigm shift, has already been briefly discussed, and is the general progression toward self-sufficiency. In the Revolutionary War the military was almost totally dependent upon battlefield contractors for support. Over time, logistical bureaus were developed, logistical infrastructure was created, and an enlisted Quartermaster Corps was finally developed in the early twentieth century to provide the necessary expertise and manpower. Many battlefield contractors were used initially out of sheer necessity, and as in-house capability increased, contractor support was gradually reduced over time. Underlying this overall trend, there is a cyclical current that corresponds to interwar periods in which the desire to economize and reduce costs leads to temporary increases in battlefield contractor utilization. This has happened after most major periods of conflict, with the latest occurring after the end of Vietnam and the Cold War. At the start of GWOT, the U.S was in this interwar mentality.

An oceanographic analogy is useful in visualizing these two currents. The Atlantic Ocean on the U.S. east coast provides the best example. Several miles offshore, vessels encounter a strong one-direction current, running parallel to the coastline. This strong one-directional current is known the Gulf Stream. However, from the perspective of those on shore, they only encounter the cyclical currents and tides, with waves coming in perpendicular to the shoreline. These two currents appear to be competing with each other from the vantage point at which the viewer is sitting, but the Gulf Stream is still the overriding current, controlling ocean circulation and movement. The same is true for the two historical currents.

In addition to these currents, several other historical trends also become apparent. A lack of qualified contracting officers, who ensured that proper services were provided, is one trend. Contracting officers were usually poorly trained, and this lack of training was taken advantage of by unscrupulous contractors. Overcharging of the government was as common in the past as it is today. Although cost savings were achievable, they were usually over-exaggerated, with many of

the predicted savings never materializing. Contractors tried to maximize profit, whenever possible, sometimes at the expense of military operations. Contracts were often improperly worded and poorly enforced. In times of downsizing and economizing in interwar periods, logistical support usually took most of the reductions. Many of the same questions asked today about the reliability of turning over functions to contractors were asked and debated in the past. Although historically, contractors were killed on the battlefield, there is no evidence that they were directly singled out or targeted. Risk and battlefield security, such as during the Indian Wars and in the War of 1812, played a role in determining reliability.

Another historical trend, which is probably the most important, is the increased utilization of technical representatives, specialized in evermore-technical skills, which cannot be easily or quickly replaced with untrained soldiers. The hiring and replacing of civilian teamsters, driving wagons from the Revolutionary War to the Spanish American War, was a rudimentary example of this problem. With more modern and technical equipment this gap significantly increased in the 20th Century. History shows that it is difficult, time consuming, and sometimes impossible to replace these contracted technical experts in times of contractor failure or emergencies. Sufficient time to train military personnel in these highly specialized skills in these circumstances was simply not available.

Contracting has also evolved in that there has been an expansion in the scope and type of services that have been provided. During the eighteenth and nineteenth centuries, contractors were mainly involved in transportation and base support. By World War II contractors had also become important in the maintenance of sophisticated military equipment. This relates back to the rise of the tech rep, which was discussed in the previous paragraph. In the period after Vietnam, the scope of contractor support increased to include force protection and security. Armed contractors are now common on the battlefield in GWOT. Therefore, the scope of contractor utilization has increased from transportation and base support to tech rep, and finally to security forces.

Shrader summarizes many of these trends, and raises other problems. He suggests that the elements, which characterize the use of contractors on the battlefield are: "mixed results in terms of performance and adequate support for the troops; lack of experience and expertise on the part of Army officers in dealing with contractors; lack of clarity in communications between the Army and supporting contractors as to the requirements, capabilities, and costs; and financial manipulation and desire to increase profits at the expense of the Army on the part of the contractors."[117] He also proposes "the worst abuses of the contracting system have run unchecked when Army officers have failed in their duty to detect and correct such abuses."[118] The GAO also identified this problem in operations such as Bosnia.[119] In another essay on battlefield contractors, historians Raymond J. Sumser and Charles W. Hemingway discuss several past recurring problems, which they feel will resurface in future operations. These are: "the international legal status of civilian employees in a combat zone; the difference in attitudes and procedures for civilian contractors held by the U.S. and its various allies and potential partners; the doctrine for command and control of civilian contractors in a zone of operations; the discipline of contractor personnel; and questions of administration."[120]

The evaluation criteria of reliability, effectiveness, efficiency and flexibility can be applied to these historical trends. As shown, contractors have not always been reliant and dependable in the past; therefore, reliability is rather low. On the other hand, effectiveness is mixed. In some cases, such as during the Civil War, contractors were extremely effective in providing railroad & steamboat equipment, personnel, and expertise. They greatly improved the odds of mission success, and helped ensure Northern victory. Yet, in other periods, hired wagon

[117] Shrader, "Contractors on the Battlefield," 3.
[118] Ibid., 12.
[119] General Accounting Office, *Contractors Provide Vital Services to Deployed Forces*, 20-28; General Accounting Office, *Opportunities to Improve Logistics Civil Augmentation Program*, 1.
[120] Raymond J. Sumser and Charles W. Hemmingway, "The Emerging Importance of Civilian and Contractor Employees to Army Operation," Landpower Essay Series No. 95-4, (Arlington, Va.: Association of the United States Army, June 1995). In Shrader, "Contractors on the Battlefield," 11.

drivers, for example, were ineffective, because of training and other problems. Contractor efficiency was usually high. For the most part, contractors have consistently improved military efficiency and reduced costs. However, the amount of improvement depended upon competition, and the training of the government agents responsible for monitoring, managing, and supervising the contracts. Flexibility varied. Contractors, such as during the War of 1812 and Spanish American War, did not always respond in a timely manner. When they failed to respond, military flexibility was significantly decreased. Overall, the evaluation of contractors throughout history is mixed.

Using these historical trends and past problems, a simple model is proposed for determining the success of contractors on the battlefield. There are four factors, which are: profit potential; contractor risk; number of competitors; and the ability to attract and retain experienced personnel. Several generalizations can made relating to these factors.

1) Profit potential – the higher the profit, the more likely the contractor will continue support and increase reliability.

2) Contractor risk – the lower the risk, the more reliable and effective the support.

3) Number of competitors – the higher the number of competitors, the higher the cost savings, increased efficiency, and enhanced flexibility

4) Ability to attract and retain experienced personnel – the greater the ability to attract and retain these employees, the more effective, flexible, and reliable the service.

Figure 3 on the next page illustrates this model, and shows the interrelationships between the four factors and the success criteria.

In summary, the historical analysis shows that battlefield contractors cannot always be counted on to perform successfully. In fact, they may more likely fail than succeed in certain instances. The perception, which many policy makers, have that contractors always performed well in the past, is wrong, and places the military in a precarious situation. An understanding of the past reveals the need to estimate risks, have back-up plans, conduct training, and question contracting practices.

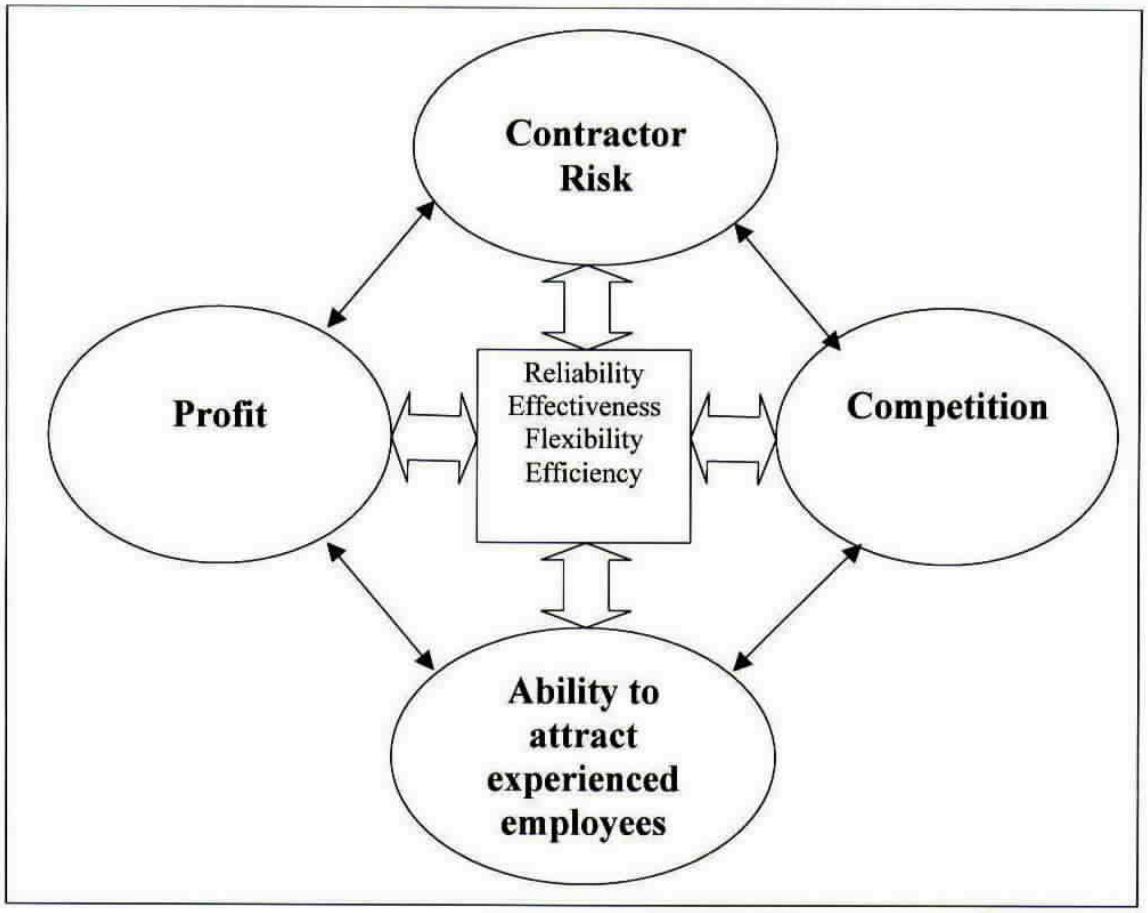

Figure 3: Contractors on the Battlefield Success Model

CHAPTER FOUR – GWOT ANALYSIS

> "The first, the supreme, the most far-reaching act of judgment that the statesman and commander have to make is to establish the kind of war on which they are embarking…This is the first of all strategic questions and the most comprehensive." [121]
>
> ---Carl Von Clausewitz

As pointed out by the German military theorist, Carl Von Clausewitz an understanding of the type, character, and kind of war that the U.S. has been forced to fight in GWOT is the first and most critical step in order to achieve victory. Although there are similarities to past conflicts,

[121] Carl Von Clausewitz, *On War,* ed. Michael Howard & Peter Paret. (Princeton, N.J.: Princeton University Press, 1984), 88-89.

GWOT is inherently different. The U.S. has fought insurgents and terrorists in several small "wars" such as the Philippines in the early 1900's, Vietnam in the 1960's & 1970's, and in Central American for the last hundred years.[122] The terrorists in GWOT, however, are much more organized on a global scale; they use available technology more effectively, and are better able to employ the global media to directly impact the battlefield. There has been a rise of non-state actors with the capability to project power, and the desire to inflict massive casualties. This significantly increases the risk to contractors. The global nature of GWOT makes it different from any other insurgency previously fought. Although many of the tactics used are old, such as attacking soft targets, the manipulation of the situation by directly attacking contractors and other non-U.S. military personnel to convince their companies and respective national governments to withdraw their support of the U.S. military is relatively new. The expansion of the battlefield into the continental U.S, combined with a lack of a rear area is also new. In this war contractors have no safe zones, and are exposed to constant attacks in order to force them to leave. All of these factors impact the long-term reliability, effectiveness, efficiency, and flexibility of contractor support.

Operational Environment

GWOT represents a clash of civilizations.[123] It is not the first time that Islam and the West have been in conflict. Cultural and ideological differences between the West and the Muslim World have existed since Islam was established in the seventh century. By the Middle Ages, Islam had rapidly expanded into Christian areas and into Europe. The Byzantine Empire fell, and Muslim armies moved into the Balkans, and Crimea. They also occupied areas as far northwest as Austria. The Moors, who were Muslims, controlled most of Spain. Yet, by the late

[122] Max Boot, *The Savage Wars of Peace: Small Wars and the Rise of American Power* (New York: Basic Books, 2003).

[123] Samuel P. Huntington, *The Clash of Civilizations: Remaking of World Order* (New York: Simon & Schuster, 1996), 109-121, 183-218.

Middle Ages the tide turned. No longer were Islamic armies as dominant on the battlefield. Christian armies retook Spain, and drove the Moors out. Crusaders invaded the Holy Lands, and unsuccessfully attempted to capture them. From the seventeenth century onward, the Muslim World continued to decline in influence and prestige, as the West emerged as the dominant military, economic, technological, and later cultural power.[124] A sudden change in the balance of power occurred. Albert Hourani, an Arab historian, states "in the seventh century the Arabs created a new world into which peoples were drawn; in the nineteenth and twentieth, they were themselves drawn into a new world created in western Europe."[125]

It is this drop in status, and perception of being dominated that has become a driving force for many of the Islamic insurgents and terrorists. Westerners are viewed as infidels, non-believers, and morally corrupt. This "mind set" provides Islamic insurgents and terrorists' rationalization on ignoring humanitarian norms involving prisoners of war, killing of civilians & contractors, and other civilized actions on the battlefield. Beheadings, hanging of mutilated corpses over bridges, assassinations and kidnapping of contractors are an outcome of these views. Jihad or "Holy War" is also a result. Martyrdom is yet another. The religious belief that heaven awaits those who kill themselves for Islam's defense is difficult to combat. Negotiation becomes impossible, and sometimes only their death stops them from continuing. The U.S. experienced a similar situation with the Japanese kamikaze pilots, and soldiers that committed hara-kiri or suicide during World War II. Many Japanese tried to kill as many U.S soldiers and sailors as possible before they died. In a November 2004 Congressional Research Service (CSR) report for Congress, the following was stated in regards to this "clash of cultures":

> "Following his declaration of jihad on the United States, Bin Laden [Osama Bin Laden – political leader of the radical Islamic group known as Al Qaeda] released a series of statements that expanded the vision and scope of his self-declared conflict with the United States and specified his political prescriptions for the reformation of Islamic

[124] Bernard Lewis, *What Went Wrong? Western Impact and Middle Eastern Response* (New York: Oxford University Press, 2002).

[125] Albert Hourani, *A History of the Arab Peoples* (New York: Warner Books, 1991), 249.

> societies. Echoing U.S. academic Samuel Huntington's theory on the impending clash of civilizations, Bin Laden repeated his characterization of a so-called "new crusade led by America against the Islamic nations," and emphasized his belief that the emerging conflict between Islam and the West would be fought "between the Islamic world and the Americans and their allies." Bin Laden argued that the Islamic world should see itself as one seamless community and that Muslims were obliged to unite and defend themselves. Turning his focus to the internal politics of the Islamic world, Bin Laden urged Muslims to find a leader to unite them and establish a "pious caliphate" that would be governed by Islamic law and follow Islamic principles of finance and social conduct. Bin Laden repeatedly argued that Afghanistan had become a model Islamic state under the Taliban and used religious rhetoric to solicit support for the Taliban and Al Qaeda."[126]

The GWOT operational environment is non-linear and noncontiguous, and it is being fought in remote and under-developed regions of the world, such as Afghanistan, Pakistan, Ethiopia, Kenya, Nigeria, Tunisia, Morocco, Philippines, Indonesia, Malaysia, Iraq, Saudi Arabia, etc. A commander has "a noncontiguous area of operations when one or more of his subordinate forces' areas of operations do not share a common boundary."[127] In a noncontiguous area of operations, there are no distinctive forward, rear, and lateral boundaries. Non-linear means that the various echelons of command are not aligned parallel and in sequential order to the enemy threat. A non-linear and noncontiguous operational environment is, therefore, extremely complex. The protection and security of logistical support assets, bases, and personnel is also more difficult. Since contractors on the battlefield provide much of the logistical support, their security and protection is an issue. Vietnam is an example of this type of operational environment where attacks on "rear" bases were common. Rear is used in quotations to represent support areas. However, the degree of instability and threat of kidnapping, mortar attacks, etc in "rear" areas is much greater in Iraq than in Vietnam. In Iraq the U.S created a fortified "Green Zone" in Baghdad for security. Saigon, which was subject to attacks from the Vietcong, such as during the Tet Offensive of 1968, was much more stable, allowing soldiers and contractors to mingle and work among the local population.

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[126] Christopher M. Blanchard, *Al Qaeda: Statements and Evolving Ideology*, (Congressional Research Service (CRS), Order Code RS21973, 16 November 2004), CRS-3.

[127] Department of Army, *Field Manual 3-90, Tactics* (Washington, D.C: July 2001), 2-15 –2-17.

The *Joint Operational Environment –Into the Future* (JOE) examines the military's predicted operational environment for the next twenty years. It is a white paper published by the U.S. Joint Forces Command. Several broad implications are made impacting GWOT and battlefield contractors.

- "*No sanctuaries*. No sanctuaries will exist –anywhere. CONUS will incur attacks at posts, camps, bases, stations, lines of communication (LOC), sea ports of embarkation (SPOE), and aerial ports of embarkation (APOE), as well as C4ISR [command, control, communication, computers, intelligence, surveillance & reconnaissance] facilities on and off base. Asymmetric attacks will occur at multiple locations with a variety of weapons including WME [weapons of mass effects – includes not only weapons of mass destruction (high explosive, nuclear, chemical & biological), but also weapons that produce high casualties without a destruction of human life], non-lethal weapons (NLW), and in particular information operations (IO). …

- *Global battlespace*. Operations will occur around the world at multiple locations simultaneously. Asymmetric adversaries will attack friendly forces, and the U.S. military will be taking the fight to them around the world and in all domains – air, ground, sea, and information. …

- *Rigor of non-linear, distributed battlespace*. When concept writers discuss non-linear battlespace, they are discussing operations in complex environments. In complex environments, multiple interactions constantly occur and effects of actions often occur not only rapidly but exponentially. In a complex operational environment, some of the smallest activities and interactions cause the largest effects. No activity is subject to successful prediction. Instead, outcomes will be possibilities (potentialities unbound by constraint) that undergo confirmation or denial processes. Relationships will be critical but often unfathomable to the human mind and, without the aid of very fast computers, difficult to find. The broad implication here is that people and organizations must study and understand complexity theory and apply it to their thinking, planning, and decision making."[128]

The JOE suggests that future GWOT operations will occur in an ever increasing complex environment where events are less predictable, and asymmetric attacks will occur at multiple and global locations. For the military and their contractors, this equates to increased risk.

GWOT has changed military and contractor perceptions of the battlefield. After the terrorist bombing of the USS Cole in Yemen, ports, even those not in the area of operations, are

[128] Department of Defense, *Joint Operational Environment –Into the Future* (JOE), Draft 05 (Washington, D.C.: U.S. Joint Forces Command, March 2004), 135-137.

no longer viewed as safe. Terrorists have plotted to kill sailors in Singapore and attack naval shipping in the Straits of Gibraltar. They have also attacked commercial vessels, such as the French merchant in Yemen. Ships are most vulnerable while in port, and transiting constricted areas such as straits. Terrorists understand this reality and have honed their operations to take advantage of these vulnerabilities. The Navy's logistical ships, which are now predominately manned by civilian mariners, are at the greatest risk since they enter port more often to pick up supplies and fuel for the warships at sea. Another perceptional change is the role of ground troops. The idea that the Air Force, using air power alone, can win GWOT without soldiers and contractors on the ground has proved invalid. "Boots on the ground"(whether military or contractor) are going to be the main effort, while air and naval power will play more of supporting role.

The biggest perceptional change involves the determination of the decisive phase of an operation. The traditional combat attack (Phase III of an operation), removing Saddam Hussein and defeating his army, has been historically viewed as the decisive phase of the campaign. However, with more lives lost in combat due to an insurgency, the next phase, which is transition and stability operations (Phase IV), is now perceived as the decisive phase. A misperception existed. U.S. policy makers incorrectly assumed that they could achieve a decisive and rapid victory in Iraq by removing the government. This was to be followed by a relatively secure and stable environment, allowing reconstruction to occur, and the redeployment of the bulk of U.S military forces. The insurgency's impact on contractors should not be underestimated or ignored. Since the majority of them are involved in reconstruction efforts and support during Phase IV, the impact is significant. Many companies have anticipated that future operations would be similar to those in Bosnia, Kosovo, and Haiti, where the operational environment was much more secure and stable. Upon starting operations in Iraq, the first words out of most contractors' mouths were "this sure doesn't look like the Balkans."

Contractor Performance and Evaluation

Contractor performance in GWOT is not easy to gauge. Conflicting reports exist. Much of the information has not been published or analyzed in detail. The situation in Iraq remains volatile. In a 31 July 03 interview with Newhouse News Service, Lieutenant General Charles S. Mahan Jr., the Army's top logistics officer complained that so many contractors had refused to deploy to particularly dangerous parts of Iraq that soldiers had to go without fresh food, showers, and toilets for months. He stated, "We thought we could depend on industry to perform these functions, but it got harder and harder to get [them] to go in harms way."[129] The April 2004 killing and barbaric mutilation of four American contractors in Fallujah also temporarily impacted contractor operations. Peter W. Singer stated the following in a Brookings Institution article immediately after the killings:

> "Disturbed by the upswing in violence and the lack of military backing and coordination, at least four military contractors (Halliburton, Triple Canopy, AKE and Control Risks) were reported by journalists and CPA officials to be reconsidering the extent of their presence in Iraq, and they suspended key parts of their operations as they waited for the situation to settle….
>
> "Those [contractors] already on-site [in Iraq] have restricted their movement and activity ("no go" areas have ballooned), while a number of firms set to enter the country have cancelled. The head of the firm Meyer and Associates, which provides protection for a number of contractors, reports, "right now everything is at a standstill.""[130]

Other reports, however, contradict these views, and present a more positive picture on current contractor performance. Many troops, for example, have been satisfied with their support. The exact answer is difficult to make out, and changes with the situation in Iraq.

Since KBR (Halliburton's subsidiary) has the largest contract in Iraq, an analysis of its performance is indispensable. Many in Congress have formally questioned KBR, the Army's primary LOGCAP contractor, over its performance in Iraq. KBR employees testified before

[129] Anthony Bianco & Stephanie Anderson Forest, "Outsourcing War," *Business Week*, 15 September 03, http://www.businessweek.com/magazine/content/03_37/63849012.htm.

[130] Peter W. Singer, "Outsourcing War" (Brookings Institution, 22 August 2004), 11

Congress on 22 July 2004. Much of the testimony was in response to overcharging for services, such as serving food to troops and delivering fuel to Iraqis. Yet, it also showed that KBR had not anticipated this type of operational environment. In testimony before the House Committee on Government Reform, Alfred V. Neffgen (KBR's Chief Operating Officer for Government Operations, Americas Region) stated:

> "We had not lost a single employee to hostile action in more than a decade of supporting U.S. troops on assignments in Haiti, Somalia, the Balkans, Afghanistan and elsewhere. In Iraq, 42 employees and top-tier subcontractor employees have lost their lives. Another 93 have been wounded. Some have been kidnapped, including Tommy Hamil, who escaped. Two KBR employees are still missing. …"[131]

> "In the earlier and smaller logistics missions, KBR had performed virtually all the tasks itself. In Iraq, it was difficult to find subcontractors in the Middle East who were knowledgeable about, and could comply with, U.S. regulations. It took time and effort to bring them up to standards. Thus, there was a combination of factors in Iraq – the speedy ramp-up, the ever-changing conditions dictated by wartime and the large scope of the assignment –that required for the first time to build an extensive network of subcontractors, and assemble the people and systems to supervise them."[132]

In any given day, there are over 700 KBR trucks on the road in Iraq. According to Neffgen, there are attacks on KBR personnel every day with 40-80 incidents a week. The contract requires the Army to provide security, routes, and pick-up & delivery points. Although KBR has not officially released the truck driver turnover rate, it appears high. One driver stated that of the twenty friends that he came to Iraq with, only three remained a year later.[133] Current policy is to send anyone home who wants out of his or her one-year contract. Truckers are lured to Iraq by the high salaries, which are two or three times greater than can be earned in the U.S. Salaries of over $100,000 with bonuses are not uncommon. Yet, with a high turnover rate, it is unclear

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[131] Congress, House, Committee on Government Reform, Hearing before the Committee on Government Reform, 22 July 2004, Oral Testimony of Alfred V. Neffgen. http://www.halliburton.com/news/archieve/2004/kbrnws_072204.jsp

[132] Congress, House, Committee on Government Reform. Hearing before the Committee on Government Reform, 22 July 2004, Statement by Alfred V. Neffgen. http://www.halliburton.com/news/archieve/2004/kbrnws_072204.jsp

[133] T. Christian Miller, "The Conflict in Iraq: In Iraq 'Road Warriors' Deliver the Goods; The Lure of the Big Payday Keeps Civilian Truckers Going Despite Bombs, Bullets and Ambushes" *Los Angles Times*, 29 August 2004. Reprint available on Halliburton website: http://www.halliburton.com/news/archive/2004/article_082904.jsp

whether KBR can sustain operations, and hire enough qualified drivers, especially if the insurgency lasts several more years, and attacks continue to increase. Another area of concern is the number of foreign employees and subcontractors. A large percentage of workers are non-US citizens, which can be influenced by their national government. For example, after a kidnapped Philippine contractor was threatened with death, the Philippine government withdrew its troops, and forbade any of its citizens from working in Iraq. Many of these foreign employees do not necessarily support U.S policy, and are there only to receive money. Their loyalty is questionable. Although it is uncertain what will happen in the future, KBR, at least for now, continues to provide support.

In addition to KBR, there have been questions raised concerning the effectiveness of several other contractors in Iraq. Following the Abu Ghraib prison abuse, Lieutenant General Anthony Jones and Major General George Fay found that only thirty-five percent of civilian interrogators were properly trained.[134] Many analysts and military leaders are starting to examine in more detail the training, qualifications, skill-level, and expertise of battlefield contractors. Singer, for example, has questioned the staffing of Dyncorp in the following:

> "Dyncorp's contract with the U.S military for aviation support is an egregious example of such cutting corners with staffing. Among the personnel that the firm reportedly assigned to the maintenance of U.S combat aircraft were employees whose only previous work experience was as waitresses, security guards, cooks, and cashiers. As one Dyncorp mechanic working on the contract writes, "We have people who are working on aircraft with absolutely no aviation experience nor ground-equipment skills. Would you rather fly in a helicopter maintained by a waitress or an experienced aviation technician? …The management here is looking at the bottom line, and surely do not seem to care what kind of person works on the helicopters. I guess that makes good business sense, but to me not at the cost of our servicemen and women." Dyncorp employees report that a number of aircraft that have crashed as a result of faulty maintenance and not enemy action, may be traced back to the fact they were worked on by such unqualified, private firm personnel."[135]

The historical model, depicted in Figure 3 of the previous chapter, is a useful tool in analyzing and predicting future contractor performance in GWOT. The first variable in the model

[134] Macomber, "Your not in the Army Now,"28.
[135] Singer, *Corporate Warriors: The Rise of the Privatized Military Industry*, 156.

is contractor risk. The risk in Iraq is substantial. The operational environment is unstable and insecure. Contractors in Iraq are spending 40 cents of every dollar on insurance.[136] With employees being kidnapped and killed, the cost is great. Since 11 September 2001, the overall risk for contractors working overseas has gone up, even for those contractors not in Iraq. John Davidson, managing director of London-based Rubicon International Services summarizes this terrorist risk:

> "One fear at the moment is not of large or dirty bombs, but of kidnapping of U.S. or European staff in retribution for the war on terrorism or associated political reasons. The difference since September 11 is that, while in the past, there was a fairly high certainty that any abduction could be resolved for money; there is now a high likelihood of being killed as part of a political statement. A prudent level of insurance was probably seen as sufficient security pre-September 11. Now companies are very focused on protecting their ex-pat workers. These concerns are sharpened by the increasing likelihood of litigation by the families of any victims and, in the U.K., by the recent introduction into law of a corporate manslaughter offense that holds directors personally liable for any death resulting from negligence of failure to properly protect employees.[137]

Profit is the second variable. Profit margins (although high in some cases) are not as large as expected. Salaries paid to employees in Iraq have gone up considerably above those that had previously been paid in the Balkans. Costs for insurance and Congressional & DOD reviews over expenditures have also lowered profit expectations. Despite being the largest battlefield contractor, Halliburton announced on 31 January 05 that it was selling KBR so that the company could focus on higher margin businesses dealing exclusively with the oil industry. Problems with constant government scrutiny over KBR's costs and low profit margins were sited as the reasons for the proposed sale. On 13 December 2004, Computer Sciences Corp (CSC) confirmed that it was also selling DynCorp (another large military support and maintenance contractor) to private equity firm Veritas. DynCorp is the only other contractor, other than KBR, to hold the LOGCAP contract. CSC had bought DynCorp in 2003 for $914 million, and sold it for $850 million. Some

[136] Singer, "Outsourcing War," 9.

[137] Kelly Gilleland, "Security in an unsafe world," *Oil & Gas Investor*, 22(9), 9 Sep 2002, 58-63. http://proquest.umi.com/pqdweb?index=1&did=000000186223381&SrchMode=1&sid=2

companies, such as Titan Corp and CACI International, have made substantial revenues furnishing translators and linguists to the Army. Yet, Titan still posted a loss of $66.6 million in the second quarter of 2004 because of the Abu Ghraib scandal, a federal bribery investigation, and a failed merger with Lockheed Martin Corp. At least one business has already left Iraq because of high security costs, which have lowered profitability. On 22 December 2004 Contrack International Inc., which is a reconstruction company based in Arlington, Virginia, announced that it was pulling its workers out of Iraq and canceling its contract. The company held one of the twelve major reconstruction contracts awarded in 2004 (a $325 million award to rebuild Iraq's transportation system). Karim Camel-Toueg, who is the Contrack's president, stated "we reached a point where our costs were getting prohibitive."[138] In response to the Contrack's pullout, Michael O'Hanlon (a scholar at the Brookings Institution) said: "If this is how other private companies are thinking, it's a very bad potential warning."[139]

Competition is the next variable. Despite a substantial growth in the number of small security contractors, the number of large support contractors continues to diminish. Consolidation in U.S defense and civilian industries in the last ten years has left only a handful of these large contractors. This became evident when it was determined that only KBR, for instance, had the necessary resources and capabilities to bid on some of the contracts in Iraq. KBR was given a $2.5 billion no-bid contract with the Army Corps of Engineers to rebuild Iraq's oil industry. Only Halliburton could respond in the necessary time frame. According to Halliburton spokeswomen Wendy Hall, their company "is delivering for the military at a time when few other companies could or would."[140] As shipyards and military manufacturers continue to combine, the tech reps and maintenance providers will come from only a select few companies. The number of

[138] CNN, "First U.S. contractor leaves Iraq" 22 December 2004. http://money.cnn.com/2004/12/22/news/international/iraq_contractor/index.htm

[139] Ibid.

[140] CNN, "Halliburton's Iraq work exceeds $10B" 9 December 2004. http://money.cnn.com/2004/12/09/news/fortune500/halliburton.reu/index.htm

contractors influences contractor efficiency. While on the micro level there is an overall increase in the sheer number of small contractors, the macro level actually shows a reduction in the number of large competitors.

Lastly, the ability to attract experienced employees is the fourth factor. The killing of contractors in Fallujah had a definite impact, and temporarily slowed the number of contractors willing to go to Iraq. The impact of the beheadings of contractors, such as Eugene Armstrong, Jack Hensley, and Kenneth Bigley in September 2004 is not known. But what is known is that the insurgents and terrorists have used the global media to their advantage. Contractors have been killed on the battlefield in the past. Yet, their deaths were not normally seen on television or on the Internet. The insurgents have directly targeted contractors, and used their capture and killing to dissuade others from supporting the U.S. military. Through the Internet, the beheadings can be viewed over and over again…millions of times. It is a psychological based operation to affect contractor support. The long-term effect for military support is uncertain. Contractor effectiveness depends on the ability to attract and retain experienced personnel.

Using the above analysis from the model, the evaluation criteria of reliability, effectiveness, efficiency, and flexibility are applied. The results for reliability are mixed. Although no "major" contractor has defaulted, the higher risk makes it more probable in the future. Even though profits exist, the margin is less than anticipated, as evidenced by the sale and consolidation of many large contractors. Reliability is also dependent upon the current situation, and the level of insurgent activity. In Iraq several "no go" areas have been created in which contractors refuse to enter. Effectiveness is also questionable. Since many contractors were not involved in OIF's initial planning because of OPSEC reasons, effectiveness was initially low. It has since risen. Yet, the ability to attract experienced workers has fluctuated. Continued targeting of contractors by the insurgents combined with utilization of the global media may make it more difficult to retain workers. High turnover rates in Iraq are another bad sign. In Afghanistan, the Philippines, and other operational areas outside of Iraq, effectiveness, on the other hand, has been

relatively high. Bases built by contractors and services provided by them in support of OEF and other operations have been satisfactory. Efficiency is much less than expected. Congress is currently investigating costs and contractor expenditures. With only a few large competitors able and willing to provide the bulk of the services, efficiency will be suspect. If GWOT continues for a long period of time, exorbitant salaries paid to contractor employees, who operate in high-risk areas, will diminish overall cost savings. Although the exact number is unknown, contractors are actively seeking military personnel who leave the service. The expectations for higher salaries, especially among Special Forces, may impact retention, and in the long run increase training and retention costs for the military. On 21 January 2005 DOD approved a $168 million incentives package, which is aimed at keeping Navy SEALs, Army Green Berets and other troops trained to fight terrorists from taking lucrative positions with security contractors.[141] The last criterion is flexibility. Contractors have increased flexibility, but they have also made the military dependent upon their services. Lacking the necessary contracting network in Iraq, KBR, for example, was slow to respond. The U.S. had no choice but to wait until KBR was ready to provide services.

Overall, contractor performance in GWOT has been mixed. There is cause for concern. Lacking back-up plans or risk assessments, as shown in Chapter Two, a failure of contractor provided services could have a serious impact on current and future operations in GWOT. Comparing the current situation to historical experiences discussed in Chapter Three, the military needs to exercise caution. An identification of mission essential services and "war stoppers" that have been contracted is more important now than ever before. Accurate risk assessments and realistic back-up plans must be made. Policy makers also need to gain a better understanding of what services are being contracted out, and how a failure of those services could impact the national strategies to combat terrorism.

[141] Mike Mount,"Incentives target special ops troops: Pentagon wants to retain counterterrorism specialists," CNN, 21 January 2005. http://edition.cnn.com/2005/US/01/21/special.ops.pentagon/index.html

CHAPTER FIVE – CONCLUSION

DOD's current outsourcing policies require change. Historical lessons learned and current enemy tactics dictate that a re-evaluation of the outsourcing policy is necessary. The environment as described in the JOE shows that the future battlefield is non-linear and noncontiguous, and that many operations are going to occur in poorly developed countries lacking close historical ties to the West. Cultural and religious differences will continue to play an important role in shaping the battlefield. Although contractors have been killed in previous wars and conflicts, the practice of specifically targeting contractors and threatening to behead or kill them in order to influence contractor and foreign / domestic government support is relatively new. The practice of capturing contractors (mostly oil, construction, and other foreign businessmen), and holding them for ransom has been common in South and Central America for over twenty-five years. Yet, in most cases, the contractor obtained their release after paying a ransom. With the U.S unable to deal with terrorists or acquiesce to their demands in GWOT, this strategy is simply not possible. With an insecure and unstable operational environment, the risk for contractors is substantial. Using the evaluation criteria of reliability, effectiveness, efficiency, and flexibility, contractor performance is assessed as mixed. The possibility of contractor default, therefore, exists, and will increase with additional risk, lower profit, inability to attract employees, and lower competition. With the operational situation in GWOT changing and evolving, it is hard to predict outcomes. Due to this complexity and uncertainty, the possibility of contractor failure is high.

Key Points

There are several key points.

- Historical trends show that in times of crisis a critical review of outsourcing is necessary, and some functions need to be taken back under direct military control. Contractors in the past have not always been reliable or effective.

- The current operational environment is different from past historical experiences. The kidnapping of contractors came into vogue in Central and South America, mostly to obtain currency and protect the drug trade. Insurgents in GWOT are using it to influence governmental policy and contractor support. Terrorist use of the global media is also more effective in deterring contractor support.

- Doctrine is ineffective for coordinating and managing contractors across the services. DOD, joint, and service guidance is inconsistent, confusing, and inadequate.

- Definitions of "core competencies," "mission essential services," and "war stoppers" are inconsistent. Identification and tracking of mission essential services and "war stoppers," which are being performed by contractors, has not occurred.

- There is inadequate high-level risk assessment in planning what happens if contractors fail to respond. Many plans assume their participation. (Reliability issue – contractors can quit at any time).

- The utilization of more foreign contractors and sub-contractors, who do not support U.S. policy, is increasing. Their trustworthiness, loyalty, and reliability are questionable. Examples: Vietnam's Tet offensive, and Philippine withdrawal in Iraq.

- There is a misperception that contractors only augment the force. In many support roles contractors have replaced military force structure.

- The status of contractors on the battlefield is unresolved. The relationship with contractors requires clarification. Command, control and support vary.

- There is no formalized database tracking contractor employment. Congress recognizes this problem and has asked the question: How many contractors does the military actually employ, and what exactly do they do?

- Contractors' main interest is making money – a business-based endeavor (set to follow priorities of stockholders and not the military).

- Cost efficiency needs to be a secondary consideration to effectiveness, flexibility, and reliability (Requires closer examination of what military should outsource).

- Contractors need to be involved early in the mission planning, which may be difficult due to OPSEC issues

- Lessons learned need to be better promulgated throughout the force

- Phase III may no longer be as important as Phase IV – re-evaluation of "mission essential" capabilities which have been outsourced. Phase IV may be characterized as an unstable and insecure environment.

- With added risk, future contracts will cost more, and projected savings will decrease.

- The inability of the U.S to protect contractors on the battlefield leads to armed-contractors with an ability to influence local operations (contractors become rogue militaries and U.S. employed mercenaries).

- The scope of contractor utilization has increased from transportation and base support to tech rep, and finally to armed security forces.

Recommendations

The following recommendations are suggested:

- Reduce and consolidate the number of guidance instructions down to three (one at the DOD level, one at the joint level, and one for technical use). This will ensure consistency and reduce confusion.

- Re-evaluate current outsourcing policy – GWOT requires that some outsourced functions be taken back under direct military control. Cost efficiencies should become secondary when the nation is at war (mission accomplishment and risk reduction is more important).

- Ensure realistic back-up plans exist and adequate risk assessment has been made for mission essential services performed by contractors.

- Develop a more robust capability that minimizes contractors on the battlefield until "stability" is achieved. Contractors on the battlefield should augment, not replace military soldiers and capabilities.

- Develop a more transparent method to track contractors across the services and report difficulties up the chain of command.

- Request Congress make additional changes to the legal code on the status of contractors. More civil penalties for contractors that default.

How to outsource successfully

- Better definitions of core competencies – they are more than just war fighting.

- Define the goal – Save dollars? Improve quality? Win the war?

- Conduct risk assessment – What happens if the contractor defaults?

- Accurate cost analysis – Question numbers. Do they make sense – numbers may not make sense for a long war (cost savings may not exist)

- Ensure accurate outsourcing agreements – Contracts may not cover all functions currently performed. Increased costs to modify contracts –gaps may appear at the edges between military and contractor.

- Contracting officers and those overseeing the contracts must be well trained.

Instead of stressing "contractors have always been used on the battlefield in the past," U.S military leaders should recognize that our nation might owe its very existence to contractor failures in providing transportation for General Burgoyne's forces at the Battle of Saratoga. It is, therefore, important for leaders to have a balanced view of what contractors can and cannot do. Although Burgoyne assumed he had a plan to cover a lack of contractor support, he was wrong. Saratoga was a decisive moment in the American Revolution, and the unreliability of contractors was a critical factor in the British defeat. Back-up plans must be feasible, acceptable, and suitable. Contractors must be firmly involved in the planning process. On the battlefield, contractors should augment military forces, not replace them. With the U.S. engaged in GWOT, now more than ever, a re-evaluation of battlefield contracting is needed. A failure not to do so may lead to additional casualties or future defeat. A repeat of the British loss at Saratoga must never be allowed to happen to the U.S.!

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